

VEHICLE CONTRACTS
GOVIE
 interesting
 Tel: 081 840 0484
 Tel: 081 852 4222
 Tel: 081 228 2285



WIPAC
 Parts for your car

WORLD NEWS

Strike impact on flights will worsen

A strike by French air traffic electricians threatens to delay thousands of British holiday-makers leaving for Mediterranean destinations. The strike appeared to have little impact yesterday on the hundreds of charter flights leaving British airports. Scheduled services were unaffected.

The industrial action, due to end on Wednesday morning, is likely to lead to a cumulative breakdown in air traffic control computer capacity.

Japan PM rules out poll
 Japanese Prime Minister Toshiki Kaifu said he had no plans for a general election and wanted reform of the electoral system. The ruling Liberal Democratic Party wants to hold off calls for an election in the hope of rebuilding shattered public support.

Pâté withdrawn
 Two brands of Belgian pâté were cleared from shops in a hysteria alert. Stocks of Brussels Garlic and Ardennes Garlic pâté, produced at the Vebo factory in Oudenaarde, were withdrawn from three supermarket chains in northern England and one in Scotland after contamination was found in factory checks. Baked beans warning, Page 4.

Syrians renew bombing
 Syrian gunners renewed bombardment of Lebanon's Christian areas after a brief lull in 14 hours of devastation that killed at least 27 people. Hostage offer, Page 2.

Drive against poll tax
 Labour stepped up its campaign against poll tax, claiming that some people on income support could have nearly all that benefit clawed back to help pay any arrears. Page 5.

Drugs flight foiled
 Police recovered 270kg of cocaine with an estimated street value of \$28m (£17m) after watching an aeroplane drop it into the Caribbean 24 miles off Puerto Rico.

Hotels' sludge claim
 Hoteliers in the Italian resort of Riccione are claiming damages from the north Lombardy local authority because slime on local beaches has driven tourists away.

Kidnap charge
 Three people were charged in Denmark with taking part in a plan to kidnap the son of a Swedish businessman and demand a £15m ransom. They pleaded not guilty to planning to kidnap Joern Rausing, son of Gad A. Rausing, former owner of the Tetrapak packaging company, who lives in London.

Ulster boy's funeral
 Schoolfriends of Seamus Duffy, 15, killed by a plastic bullet on Wednesday, carried the coffin to his Belfast funeral. Security forces are on full alert in Northern Ireland as Monday marks the 20th anniversary of British troops being sent to the province.

Sri Lanka dispute
 Sri Lanka pulled back from confrontation with India over troop withdrawals but insisted that the Indian Peacekeeping Force must leave before the end of the year. Talks on the dispute broke down a week ago. Page 3.

Down comes £27.50
 Grouse on the menu at the Ritz in London will cost £27.50 today at the start of what promises to be a poor season. The Scottish grouse population is 25 per cent down on last year and the English 53 per cent down. Glorious 12th, Weekend, Page VIII.

Heading for a record
 A Pole has broken his own world record by bouncing a tennis ball on his head for 45mins - 17 minutes longer than his previous best.

BUSINESS SUMMARY

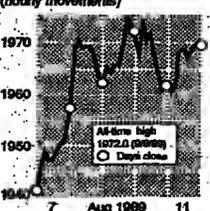
Two setbacks for leveraged buy-outs

BANKERS TRUST yesterday said it had stopped trying to syndicate the \$332m loans used to finance the management buy-out of Magnet, UK home products retailer.

A further setback for UK leveraged buy-outs came when Ward White, which is facing a \$500m bid from fellow retailer Boots, said it was dropping attempts at constructing a rival leveraged buyout. Bankers Trust, Lex, Page 22; Ward White, Page 8.

FT ORDINARY share index ended the week 28.8 up at 1,969.6. It had closed last week at an all-time high of 1,940.8 and this week hit three consecutive all-time closing highs, reaching a peak of 1,972.0 on Wednesday.

FT Index
 Ordinary share (hourly movements)



Wednesday, Yesterday, market indices moved sharply in both directions, following developments on economic fundamentals and also in the takeover arena, which had dominated investment attention this week. Market report, Page 15.

BAT INDUSTRIES: Share price of the tobacco conglomerate dropped 21p to 639p as the political and regulatory row continued over the £13.5bn hostile bid from the Hoylelake consortium headed by Sir James Goldsmith. Page 22.

ABBIE NATIONAL: More than 365,000 shareholders who have not received their certificates in the recently floated bank should receive replacements within the next few days, Lloyd's Bank, the flotation registrar said. Page 4.

RECHEM Environmental Services: Share price of the company at the centre of the storm over importing toxic waste to the UK fell 10p to 889p. The Port of Liverpool has refused to handle PCB waste from Canada which is due to be burned at Rechem's incinerator at Pontypool. Ports company willing to handle PCB shipments, Page 9.

BLUE CIRCLE Industries, UK cement and home products company, posted its formal £195.7m agreed offer for Myson, boiler and radiator manufacturer. It included a novel share alternative at an assured value of 230p a share. Page 8.

UNILEVER: Anglo-Dutch consumer products group, reported a 14 per cent rise in interim pre-tax profits. Turnover was up 11 per cent to £9.16bn. Page 8.

MERRILL LYNCH, Wall Street securities firm, is selling its residential property unit, which is also involved in executive relocation, to Prudential Insurance Company of America in a deal worth more than \$300m (£190m). Page 10.

ASEA BROWN Boveri, Swiss-Swedish electrical engineering multinational, has offered to buy and restructure CCC, Spain's biggest electricals group. Page 10.

BRITISH ALCAN Rolled Products announced 240 redundancies at its plant in Newport, Gwent, following heavier-than-expected losses in the first half of this year. Page 4.

SOUTH AFRICA stopped non-resident foreigners from using the financial rand exchange rate to buy residential property. The financial rand effectively halved the buying cost compared to the commercial rand.

Central bank intervention fails to halt rise in dollar

By Peter Norman, Economics Correspondent

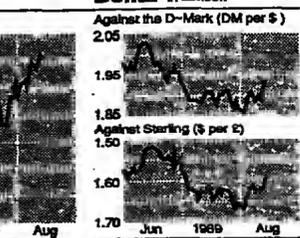
WELL-PUBLISHED central bank intervention yesterday failed to halt a sharp rise in the dollar after official data suggested that the US continues to enjoy steady growth while inflationary pressures ease.

The revival of support for the dollar was flanked by early strength in the US stock market, where the Dow Jones Industrial Average briefly touched a new all-time high, and strength in US bonds. Both US equities and bonds fell in later trading, but not before events in the US had helped boost sentiment on the London Stock Exchange.

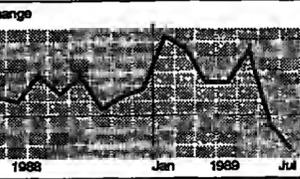
In spite of a growing number of spooks' reports warning that London equities are overvalued, the UK market advanced in late trading. Yesterday's 6.9 point gain in the FT-SE 100 share index to 2,354.2 was taken as a sign that the recent advance in share prices, which this week brought the index to well within 100 points of its all-time trading high, would carry over into the new account, starting on Monday.

However, it was the US that provided the stimulus and focus for activity on financial markets. News that the producer price index fell 0.4 per cent in July, its biggest fall since 1984, while previously sluggish retail sales advanced by 0.5 per cent "provided something for everybody", according to Mr Gerald Holtham,

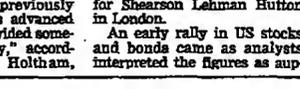
Dow Jones



Dollar in London



US producer prices



chief international economist for Shearson Lehman Hutton in London.

An early rally in US stocks and bonds came as analysts interpreted the figures as supporting the increasingly dominant view that the US economy is headed for a soft landing.

The subsequent sell-off was attributed to the view that the US Federal Reserve will keep monetary policy on hold. The combination of continued growth and reduced inflationary pressures means that the central bank has little need to nudge interest rates lower.

That was the justification cited for the dollar's strength yesterday. It was against that confusing picture that up to a dozen central banks, headed by the US Federal Reserve, launched a well-publicised round of co-ordinated dollar sales. According to European central bank officials, the scale of intervention was "modest," suggesting that dollar sales were in the low hundreds of millions of dollars.

However, it was the first overt move by the central banks to influence the dollar since the middle of June and also involved the West German Bundesbank, the Bank of England and most other European central banks as well as the Bank of Canada.

Although the central bank continued on Page 22
 US producer prices, Page 2;
 Money Markets, Page 11;
 World Stock Markets, Page 12

BTR faces takeover speculation

By Clay Harris

BTR, the UK-based conglomerate, yesterday became the latest corporate giant to face takeover speculation after it revealed Kohlberg Kravis Roberts, the US leveraged buy-out specialist, had signalled an intention to buy up to 15 per cent of its shares.

Last night, BTR was valued at more than £7.7bn after its shares jumped 35p to 456p, after trading as high as 469p.

Sir Owen Green, BTR chairman, was determined yesterday to play down the possibility of a hostile bid for his company. He preferred to look positively towards a possible partnership between KKR's financial clout and BTR's management expertise, describing this as a "very intriguing combination."

"If there's a price for BTR, they could pay it," Sir Owen said. "But it's my impression that it would not be in their interest." Sir Owen, BTR chief executive Mr John Cahill and Mr Henry Kravis, KKR's founding partner, have met several times in New York recently.

Indeed, analysts in London suggested KKR's backing could enable BTR to make a dramatic return to the takeover market itself, probably in the US, although some British candidates were also mentioned.

BTR has avoided hostile bids since abandoning a fiercely resisted offer for Pilkington, the glassmaker, early in 1987. However, it had been seeking a US counterpart to BTR Nylon, the 82 per cent owned Australian subsidiary which has provided most of the group's growth by acquisition in recent years.

Mr Simon Hayes of James Capel said: "Of the three options - passive investment, precursor to a bid and collaboration - I think the latter is by far the most likely."

Sir Owen did not rule out a possible financial restructuring of BTR itself, to improve returns to shareholders. "Something I think all corporations should be examining."

KKR, which bought US tobacco and food group RJR Nabisco earlier this year for a record \$26bn, welcomed BTR's "receptivity" but declined to elaborate on its intentions. But it stressed that it had never mounted a hostile bid.

London Underground strikers are threatened with dismissal

By John Gapper, Labour Correspondent

THE END of disruption on the London Underground seems likely after managers yesterday threatened to dismiss any drivers or guards who failed to work normally next week.

The hardening of London Underground's stance came as the Government expressed growing concern about the series of high pay settlements in the public sector, culminating in the 8.8 per cent deal for 740,000 local white-collar staff on Thursday evening.

Mr David Hunt, Minister for Local Government, said a continuation of settlements such as those at British Rail, London Underground and the BBC could lead to inflation rising towards 15 per cent.

Ministers are worried that settlements in the recent wave of industrial disputes will push up the rise in average earnings, running at 9.25 per cent for most of this year, with no compensating gains in productivity.

Organisers of wildcat strike action on the London Underground were angry that the rail unions Aslef and the NUR settled for an initial weekly increase of £16.73 in drivers' earnings on top of this year's pay rise of 8.75 per cent.

However, they predicted yesterday that mass meetings of train drivers and guards to be held in London on Monday would not call for further unofficial action.

The prediction came after London Underground announced it would suspend from duty any driver or guard taking strike action next week. All those suspended would then be given a disciplinary hearing, and probably dismissed.

The managers said they were prepared to hire drivers to replace any dismissed and to speed up the normal two to three-month period of training for new drivers to minimise disruption.

However, they said they would not single out for discipline those organising the strikes in defiance of the rail unions. Mr Denis Tunncliffe, managing director, said the corporation did not want to create martyrs.

De Klerk calls talks over Botha rift

By Patti Waldmeir in Johannesburg

SENIOR members of South Africa's ruling National Party were summoned yesterday to an emergency meeting to resolve a bitter leadership dispute between President P.W. Botha and his potential successor, Mr F.W. de Klerk.

The call followed the announcement on Thursday that Mr de Klerk would meet Zambian President Kenneth Kaunda in Zambia on August 28. Mr Botha reacted to the news with an extraordinary public rebuke to Mr de Klerk, making clear that the visit did not have presidential permission, although Foreign Minister Mr Pik Botha had indicated previously that it did.

The latest demonstration of tension between the two men comes less than four weeks before general elections on September 6. Mr Botha, who stepped down as party leader six months ago because of ill health, has already been involved in two contentious incidents involving relations with the party.

He refused to attend a public dinner given by party officials in his honour, and, more significantly, failed to keep the party fully abreast of his plans to meet Mr Nelson Mandela, jailed leader of the banned African National Congress.

The President's terse statement about Mr de Klerk's Zambian visit said that he was "not aware, in terms of the rules governing overseas journeys by ministers, of the discussions to be held on 28 August as announced by Dr Kaunda."

This flatly contradicted an earlier statement by Foreign Minister Pik Botha indicating that the meeting had been agreed "after consultation with the state president."

Mr de Klerk reacted to the confusion last night by issuing a statement saying: "It appears there may possibly be a misunderstanding." He added that he had called an urgent meeting of all available ministers.

The episode has overshadowed the significance of the meeting itself, at which Mr de Klerk is expected to outline his plans for constitutional reform. The focus of the talks may prove to be the issue of negotiations between Pretoria and the banned African National Congress. The organisation is believed to have prepared a paper which advocates a negotiating process similar to that adopted in the Namibian independence talks.

Weekend FT



A BURNING QUESTION

Nobody can agree on the best way to handle toxic waste. To help cast light on this murky issue, Peter Knight tells a story of four people - a director of an ICI division; a man who wants to build a £20m incinerator in the Tees estuary; and an unemployed marine engineer and his wife who just happen to live nearby

Page I

Finance
 The BAT bid and the small investor
 Page III

Minding Your Own Business
 Kieran Cooke finds three Irish entrepreneurs
 Page VI

Travel
 Christian Tyler in Turkmenistan
 Page X

Arts
 Previews from the Edinburgh Festival: Michael Coveney, Clement Crisp, Nigel Andrews and Mary Rose Beaumont
 Page XIV

Sport
 Racing: The roaring whoosh of money, by Michael Thompson-Noel, plus Philip Coggan on soccer
 Page XVI

MARKETS

STERLING New York lunchtime: \$1.5830 London: \$1.5855 (1.8270) DM3.0725 (3.0775) FFr10.3850 (10.4050) Sfr2.8500 (2.8525) £ Index 91.4 (92.2)	DOLLAR New York lunchtime: DM1.0427 FFr6.5610 Sfr1.6770 ¥142.05 London: DM1.9385 (1.9915) FFr6.5500 (6.5950) Sfr1.6725 (1.6305) ¥141.50 (138.10) £ Index 70.9 (69.8) Tokyo close: ¥140.10	STOCK INDICES FT-SE 100: 2,354.2 (+0.9) FT Ordinary: 1,969.6 (+0.2) FT-A All Share: 1,195.73 (+0.2%) FT-A long gdt yield: 9.32 (9.29) New York lunchtime DJ Ind. Av: 2,706.18 (-6.25) Tokyo Nikkei: 34,712.96 (-6.84)
--	--	--

CONTENTS

Satellite television	8	Appointments	15	London Options	11
BSB reaches the point of no return	6	Base Rates	5	Money Markets	11
Editorial Comment	6	Commodities Prices	10	Overseas News	2,8
A long slog for Britain	6	Commodity Review	16	Recent Issues	8
Men in the news	6	Share Information	19-21	Stock Markets	15
Jean-Marc Varnes, Renaud de la Genière	6	European Options	9	London	15
Greenpeace	7	FT Accounts	9	Wall Street	12,13
Making green waves	7	FT World Accounts	13	Bourses	12,13
Belair	7	SE Dealings	11	UK News	14
The worst is yet to come	7	Gold Markets	10	UK News	14
		Int. Companies	10,11	General	4,5
		Leader Page	8	Employment	5
		Stars	2	Unit Trusts	16-18
		Lex	22	Weather	22

You've read Hoylelake's offer document.
A phone call could help you to see things more clearly.

FREEPHONE
0800 444 930

B.A.T. LINE

Call the B.A.T Industries shareholder line free at any time.

The Directors of BAT Industries plc, together with Sir Mark Worsberg who, being also a director of J. Rentschler Holdings, is taking no part in this matter, are responsible for the information contained in this advertisement. In the best of the knowledge and belief of such Directors of BAT Industries the information is in accordance with the facts and does not omit anything which might lead to a misunderstanding of them. The Directors of BAT Industries accept responsibility accordingly.

OVERSEAS NEWS

Producer price index falls 0.4% in July

By Anthony Harris in Washington

THE US producer price index for finished goods fell 0.4 per cent in July, its biggest fall since 1986, the Department of Labor said yesterday. At the same time, the Department of Commerce published an estimate that retail sales, which have been sluggish, rose 0.9 per cent in the month.

Both figures were strongly influenced by events in the car market. Strong sales incentives accounted for half the fall in finished goods.

Analysts fear that the effect will be reversed this month, when car prices will not have dropped as much as usual. The rest of the fall was due to weakness in food and energy prices.

Prices earlier in the production chain continued to encourage hopes that inflation is on a downward trend. Crude goods prices rose only 0.3 per cent, after falling 2.0 per cent in June. This index was boosted sharply early this year by rises in food and energy materials. Raw material prices apart from food and energy fell by 1.5 per cent in July.

The prices of partly processed goods fell by 0.2 per cent for the second successive month; food and energy had no net effect on the index, since although energy prices fell by 1.3 per cent in the month, food prices reversed an earlier fall of 1.6 per cent.

Paradise will soon be lost for disconsolate Contras

News of demobilisation has been received with mixed confusion and resentment, Tim Coone reports

FOR the past eight years, Paradise has been the home to the Contras - the US-backed Nicaraguan rebels. El Paraiso, as it is known in Spanish, is a southern province of Honduras which neighbours Nicaragua.

Here, jagged pine-covered mountains border deep valleys. Chubby pigs root in the undergrowth. Coffee bushes and the buzz of chain saws give clues to the principal economic activities of the human inhabitants. The day's sporadic heat is followed by the cool air of the night. Starlight alone can light up one's path.

From their base camps hacked out of the jungle in this Garden of Eden, the Contras, or the Resistencia Nicaraguense (RN), have launched their hit-and-run missions into Nicaragua, returning for rest under the protection of the Honduran army and US forces stationed further north in the country.

But by December, the camps are to be dismantled and the Contras disarmed under the agreement signed by the five Central American presidents earlier this week at the Tela summit. Paradise is to be no more for them.

The camps themselves do not evoke images of milk and honey. The troops live in make-shift huts made of wooden frames. A few have wives or girlfriends living with them. Most do not.

Most have not left the camps for the past 18 months since the withdrawal of the bulk of the Contra army from Nicaragua and the cut-off of US mili-

tary aid. Pep talks and gossip help alleviate the boredom. Amid this, the sudden prospect of peace and demobilisation has arrived like a bombshell.

At the principal camp, known as Yamsies, where the bulk of the Contra forces have languished for the past 18 months, the news has been received with a mixture of confusion and resentment, bolstered with bravado and defiance.

Commandante "Modesto" is an earnest-looking 23-year-old in charge of 600 men, who left his father's cattle ranch six years ago to join the Contras. Of the Nicaraguan Government's recent political reforms which clinched the demobilisation agreement, he says: "We don't trust that they will keep their promises."

"We won't surrender our arms until there is democracy in Nicaragua. . . I shall not return while (the Sandinistas) are in power."

Asked whether he would continue to fight if the Sandinistas win in free and fair elections, he said: "I can't answer that. It is too confusing."

Oscar Sobalvaro, better known as Commandante "Ruben," one of the five military chiefs of staff of the RN, said: "There is a lack of confidence on the part of the combatants. We first want to see that the Sandinistas comply with what they have signed."

Demobilisation should come after the elections. I don't understand why the opposition parties agreed to the demobilisation. I don't know to what

extent they are taking us into consideration."

On the day before the Tela summit, the 20 opposition parties in Nicaragua agreed to the demobilisation proposal in return for political reforms. A serious lack of understanding of what is going on in Nicaragua is all too apparent within the Contra camps. Information is limited to what the leaders allow to be disseminated. As one soldier, a robust 70-year-old man said: "We don't know what is happening. We cannot leave the camps."

Journalists are accompanied everywhere by a "minder." Interviews with troops are closely scrutinised by officers, who distrust even the political leadership of the RN.

The visit last month of six Contra field commanders to Washington to meet State Department officials and US Congressmen was at the behest of the State Department.

Commander said: "We wanted to get our point of view across, which we felt was not being done by our existing leadership."

Col Enrique Bermudez and Col Adolfo Celero, who at US investigation took control of the RN last year, deposing moderates and breaking off peace talks with the Nicaraguan government, are themselves now being side-stepped. Nine "commandantes," including the six who visited the US last month, have this week been granted refugee status in the US.

According to the US Embassy spokeswoman in Tegucigalpa, this is to enable them to travel freely and to negotiate directly with the Nicaraguan government on the terms of demobilisation and repatriation.

"We are open to talks. We are not opposed to demobilisation but we want to see what the guarantees are," said Commandante Ruben. But he warned: "If we are forced to disarm, we will take our weapons into Nicaragua, not to disrupt the elections, but to oversee them."

Nicaraguan Government officials said at the Tela summit that they are prepared to discuss "technical details" of repatriation with the Contras, but that any attempt by them to enter Nicaragua with their weapons would be met by force. "We will finish them off," said General Joaquin Cuadra, the chief of staff of the Nicaraguan army.

Between now and early December, demobilisation must be complete under the summit agreement. For those wishing to vote in next February's elections, and many of



Contras play baseball in a jungle camp on the Coco River, the Honduras-Nicaragua border

Contras play baseball in a jungle camp on the Coco River, the Honduras-Nicaragua border

Contras play baseball in a jungle camp on the Coco River, the Honduras-Nicaragua border

Contras play baseball in a jungle camp on the Coco River, the Honduras-Nicaragua border

Hopes rise for release of Briton in Iran

By Victor Mallet

HOPE rose yesterday for the release of Mr Roger Cooper, the British businessman jailed without trial in Iran since 1985, when his family disclosed that he had been permitted to make a long telephone call to his daughter and learn of the death of his 95-year-old mother at first hand.

Mr Cooper's family welcomed the "humanitarian gesture" of the Iranian authorities - which allowed him to hear the news direct rather than on the radio or from a prison guard - and appealed for him to be freed for the funeral.

In another positive sign this week, the Tehran Times reported that Mr Cooper had translated and created a poem by the late Ayatollah Khomeini. His translation and critique were published and referred to favourably in the newspaper.

His family recently received two letters from Mr Cooper, who is incarcerated in Tehran's Evin prison. He said in one of the letters: "I try to stay optimistic and keep telling myself that this cannot go on for ever, but I no longer convince myself."

US accuses Bulgaria

The US yesterday accused Bulgaria of repressing its Turkish minority and violating human rights obligations, AP reports from Washington.

"The US feels very strongly that the government of Bulgaria must meet its human rights obligations, cease the religious and social persecution of its ethnic Turkish minority and provide an orderly departure with dignity and personal property for those who wish to leave Bulgaria," said Ms Margaret Tutwiler of the State Department.

Israel detention period extended

The Israeli authorities yesterday extended from six months to one year the period Palestinians from the occupied territories can be held without trial, High-Carney writes from Jerusalem.

Mr Yitzhak Rabin, Defence Minister, and military chiefs have for some time been trying to shed some of the legal restraints on their suppression of the Palestinian intifada, or uprising, in the West Bank and Gaza Strip which has now been going on for more than 20 months.

Chile candidate endorsed

Mr Hernan Buchi, Chile's former Finance Minister, has emerged as the only pro-government candidate to succeed right-wing military President Augusto Pinochet, AP reports from Santiago.

Mr Sergio Jarpa, a veteran conservative politician and Mr Buchi's main rival, withdrew from the race on Thursday. Mr Jarpa, president of National Renewal, the nation's largest conservative party, has given Mr Buchi his endorsement.

Three on Mendes murder charge

A judge in a backwoods Amazon town indicted a cattle rancher, his son and a local gunman for last December's murder of internationally-known Amazon union leader and ecologist Chico Mendes, AP reports from Rio de Janeiro.

Cattle rancher Daril Alves da Silva was indicted for ordering Mr Mendes' murder, Mr Jerardo Pereira and Mr da Silva's son Darcy for carrying it out.

Thirteen die in Kurdish raid

Kurdish guerrillas yesterday raided five hamlets in south-eastern Turkey, killing 13 people and kidnapping 22 villagers, AP reports from Istanbul.

The News Agency said three rebels were killed and two were wounded in the attacks on Thursday night.

Published by the Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as a member of the Board of Directors, F. Barlow, R.A.F. McClean, T.S. Damer, A.C. Miller, D.E.P. Palmer, London, Printer: Frankfurt Societate-Druckerei-GmbH, Frankfurt/Main. Responsible editor: Sir Geoffrey Owen, Financial Times, Number One Southwark Bridge, London SE1 9HL. © The Financial Times Ltd. 1989.

FINANCIAL TIMES, USPS No. 190-600, published daily except Sundays and holidays. US subscription rates: \$365.00 per annum. Second-class postage and air mail postage in US and additional mailing offices. POSTMASTER: send address change to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.

Financial Times (Scandinavia) Ltd. Ostergade 10, DK-1100 Copenhagen K, Denmark. Telephone (01) 13 44 41. Fax (01) 935325.

Bundespost faces three competitors

By David Goodhart in Bonn

THE West German Bundespost may soon face competition from at least three different companies in nationwide data transmission following the liberalisation on July 1, according to industry sources.

The three companies believed to be planning such systems are Info AG, BFG Bank and a Siemens subsidiary, Bascom. British Telecom could also enter the market through a subsidiary of the recently acquired Tymnet.

A further indication that the private sector is gearing up to take advantage of the new opportunities to compete comes in the announcement that the Matuschika financial services group is planning to organise a consortium of 40 to 50 smaller companies to bid for the potentially lucrative licence for the private-sector mobile telephone system. Matuschika's combination with various big international concerns, will be one of seven bidders for the contract.

Mr Christian Schwarz-Schil-

ling, the Post Minister, yesterday presented the Bundespost's annual report showing profits slightly down at DM2.2bn (375m) and turnover up to DM2.5bn. The letter and parcels services recorded a deficit of DM2.26bn and the telephone service a profit of DM4.5bn (although telecommunications overall produced a profit of only DM2.72bn). Investment was more than DM15bn.

The annual report revealed that the number of telephones acquired in 1988 had risen 135 per cent to total of just under 200,000. Telephones are one of the most widely liberalised parts of the telecom system, although some control on the inflow of machines from Japan is being considered by the EC.

The Post Ministry confirmed that the telecommunications arm of the Bundespost would soon be opening offices in Washington, Tokyo, Paris, London and Brussels, as part of its drive to modernise and internationalise.

Syrians renew Beirut bombing

until dawn yesterday.

Parts of Beirut looked as if they had been hit by a tornado. Streets were littered with fallen trees, broken glass, twisted power pylons, burned-out cars and other debris.

Roads in both sectors of the divided capital were cratered with rocket and shell holes. Broken furniture from bombed-out apartments lay scattered everywhere and the acrid smell of burning filled the air.

An Arab League committee comprising the heads of state of Saudi Arabia, Algeria and Morocco has declared defeat in

two months of mediation to end the carnage.

"Politically all doors are closed. There is nothing except fighting and killing, the fighting will get out of control by the end of the summer," one pro-Syrian politician said.

Thursday's fighting was among the worst since battles flared five months ago when Gen Aoun declared a "war of liberation" against Syria's estimated 40,000 troops, deployed in Lebanon since 1976.

At least 600 people have been killed since mid-March and more than 2,500 have been wounded.

Parts of Beirut looked as if they had been hit by a tornado. Streets were littered with fallen trees, broken glass, twisted power pylons, burned-out cars and other debris.

Hungarians and Poles recant

By Our Foreign Staff

HUNGARY and Poland yesterday openly condemned the Soviet-led invasion of Czechoslovakia on August 21, 1968. Their moves are likely to deepen the rift between Prague and its reform-minded neighbours.

The Warsaw Pact invasion which quashed the Prague Spring, the reform movement which attempted to create "socialism with a human face" was yesterday condemned in Nepszabadsag, the Hungarian daily, and by the Solidarity-dominated Polish Upper House or Senate.

"It is obvious today that the decision to move the military into Czechoslovakia in 1968 was essentially wrong," wrote Mr Imre Stoklas, deputy head of Hungary's department for international affairs.

Mr Szokol also confirmed remarks made by Mr Alexander Dubcek, Czechoslovakia's former party leader who spearheaded the Prague Spring, who recently gave a remarkably frank interview to Hungarian television.

Mr Dubcek had said that Mr Janos Kadar, the former Hungarian party leader, "had been divided until the last minute" over whether to join in the invasion.

All Warsaw Pact countries except Romania sent troops into Czechoslovakia.

Meanwhile, the Polish Senate said: "This intervention was a violation of the inalienable right of every nation to self-determination and its natural striving for democracy, freedom and the respect of human rights."

The public condemnation, which takes place just nine days before the 21st anniversary of the invasion, follows bitter exchanges between Hungarian and Czechoslovak leaders over the nature of the reforms taking place in Eastern Europe. The Czechoslovak leadership is unenthusiastic about the pace of political reforms in Poland and Hungary.

Brno Pravda, the Czech party daily, yesterday warned that the authorities would use force against "anti-socialist" elements if unofficial demonstrations were to take place tomorrow week.

Ban fails to halt strikes in Estonia

AT LEAST 16,000 workers stayed away from their jobs in Estonia yesterday despite a government ban on the walk-outs and officials' apology for ignoring the growing militancy of ethnic Russians and other migrants, AP reports from Moscow.

The thousands of non-Estonian workers, in their third straight day of strikes, were protesting at a new election law they claim discriminates against residents of the small republic who are not ethnic Estonians.

The official news agency Tass put the number of strikers in Tallinn, the Estonian capital, at 16,000, with 26 enterprises affected. Strikes were also reported in the mining town of Kohtla-Jarve.

The Estonian leadership, in a statement published yesterday, "self-critically acknowledged that it failed to take into account fully the growth of national consciousness among the non-Estonian population of the republic," Tass reported.

But they also criticised strike leaders for trying to stir up inter-ethnic strife and intimidate the non-Estonian population, it said.

The Estonian parliament issued a ban on all strikes on Thursday, but strike leaders said that they considered the move illegal and they had no plans to call a halt to the walk-outs.

The protest by non-Estonians was sparked by a new law passed by the Estonian parliament on Tuesday that tightens residency requirements for voting and holding elected office.

Hostage offer from Hizbollah

By Victor Mallet

THE spiritual mentor of Hizbollah, the Iranian-funded "Party of God" believed to be behind the kidnapping of Westerners in Lebanon, offered yesterday to help release the hostages if the West pressed Israel to free Arab prisoners.

"Let us get to an agreement together so that each side uses its own means and influence to end the crisis of the hostages, all hostages, and resolve the problem of Arab prisoners," Sheikh Mohammed Hussein Fadlallah said in a Friday sermon at a Beirut mosque.

"I am ready to help free the Western hostages provided that Western countries help release Lebanese and Palestinian prisoners in Israel," he said. The White House in Washington described the statement as "interesting."

The fundamentalist Hizbollah has issued confusing signals since Israel abducted a Hizbollah leader in southern Lebanon on July 28, triggering the latest round of the hostage crisis. One group of kidnappers believed to be linked to Hizbollah said it had handed Lt Col William Higgins, an American hostage, while another offered Israel an exchange of Mr Joseph Clitipio for Arab captives.

As if to underline the disparity in Hizbollah ranks, another cleric, Sheikh Sobhi Tofelli, yesterday rejoiced in the death of Higgins and ruled out negotiations with Israel in a speech in Baalbek.

In Beirut, thousands of pro-Iranian Shia Moslems commemorated the martyrdom of the Prophet Mohammed's grandson, Imam Hussein bin Ali, by trampling on US and

Israeli flags and chanting: "Death to America, death to Israel. We will rub America's nose in the dirt."

Hizbollah has been urged by a series of envoys, probably including the brother of Iran's newly-elected President, Hojatoleslam Ali Akbar Hashemi Rafsanjani, to spare the hostages.

The organisation released a videotape yesterday in which suicide car bomber Asaad Barro - who blew himself up and wounded five Israeli soldiers on Wednesday in retaliation for Israel's kidnapping of Sheikh Abdul Karim Obaid - said he also wished he had killed Mr Salman Rushdie, the British writer.

Mr Rushdie was condemned to death in a religious decree issued by the late Ayatollah Khomeini of Iran.

New head named for French state TV

By George Graham in Paris

FRANCE'S national broadcasting council has named a new head for the country's state TV network.

Mr Philippe Guillaume, head of Societe Francaise de Production, the state-controlled film and TV production company, will take over as chairman of both Antenne 2, the main state channel, and FR3, the regional network.

The appointment was welcomed almost universally by politicians and TV employees. It comes at a crucial time for French state television, which has been losing viewers at a worrying rate to the private sector channels.

At the same time, the decision was viewed as an important test for the Conseil Supérieur de l'Audiovisuel (CSA), the new broadcasting council set up by France's socialist government to replace an earlier body created by the right-wing government.

The CSA did not choose either of the two candidates viewed as the government's favourites, instead selecting a man not seen to be overly

Suspected US spy becomes media star

By Peter Riddell, US Editor, in Washington

MR FELIX BLOCH, the senior State Department official suspected of spying for the Soviet Union, has given a new twist to the espionage story. He has turned into a media star.

Initially, Mr Bloch's former deputy head of the US Embassy in Vienna, went into hiding after ABC News revealed three weeks ago that he had been put on leave pending inquiries by the Federal Bureau of Investigation.

But this week, on his daily walks with his terrier Mephisto, Mr Bloch has started talking to members of the bizarre circus of reporters, television camera crews, FBI agents and even, apparently, KGB officials who follow him around.

The only subject off limits is the FBI inquiry. The US Government has not so far brought

Solidarity talks 'positive'

By John Lloyd

TALKS in Warsaw yesterday between Solidarity and the Communist Party and the Democrats - were said to have been "positive".

The talks, conducted by the secretaries of the three parties' executive committees - Mr Jaroslaw Kaczynski for Solidarity, Mr Bogdan Krolewski for the UPP, and Mr Tadeusz Ryzyszewicz for the Democrats, will continue.

They come as General Cieslowski, the Communist Prime Minister, continues to search for a cabinet. He has so far failed to woo any Solidarity figures into a coalition government.

Mr Bronislaw Geremek, the leader of the Solidarity group in the Sejm (parliament), said on Italian television that a Solidarity-led government could contain Communist reformers - an offer approved in the Solidarity deputies' group earlier this week.

Solidarity's daily, Gazeta Wyborcza, said yesterday the group had proposed Mr Lech Walesa, the movement's leader, for Prime Minister. Tens of thousands of Solidarity supporters staged a one-hour strike in Warsaw's base of Gdansk yesterday in protest against rising food prices.

GRANVILLE SPONSORED SECURITIES						
High Low	Company	Price	Change	Yield %	P/E	
341	295	Am. Int'l. Ind. Ordinary	31	-10.3	3.0	9.2
39	28	Armatage and Rhodes	40	-	-	-
41	25	B&B Design Group (US)	31	-1	2.1	5.0
121	149	Borden Holdings (US)	260	+2	7.1	13.4
124	105	Burdett Group Co. Pr. (SE)	124	-	6.7	5.4
123	95	Bury Technologies	95	-	5.9	6.2
110	105	Brenhill Corp. Pr. Pref.	105	-	11.0	16.5
104	100	Brenhill Holdings (US)	104	-	11.0	16.6
305	285	CCJ Group Ordinary	288	-	14.7	31.3
176	168	CCJ Group 11% Com. Pref.	168	-	14.7	31.3
215	140	Carbo Pk (US)	215	-	7.6	2.5
110	109	Carvo 7 1/2% Prf. (SE)	110	-	10.3	9.4
7	5	Magnet GP Non-Voting A Corp.	6.75	-	-	-
110	119	Mis Group	120	-	5.0	4.2
145	58	Jackson Group (SE)	123	-	3.6	2.9
322	261	MultiUnion NV (AmSD)	285	-	-	-
145	98	Robert Jenkins	145	-	10.0	6.9
467	403	Scoville	403	-	16.7	4.0
290	270	Tony & Carlisle	289	-	9.3	3.2
117	100	Tony & Carlisle Co. Prf.	114	-	16.7	9.4
122	92	Trevaux Holdings (US)	100	-	2.3	2.7
133	106	Unicredit Europe Com. Prf.	133	-1	9.3	7.0
375	335	Veterinary Drug Co. Ltd.	340	-	22.0	5.6
190	327	W 5 Years	390	-	16.2	4.8

Securities designated (SE) and (US) are dealt in subject to the rules and regulations of the Stock Exchange. Other securities listed above are dealt in subject to the rules of TSA. These Securities are dealt in entirely on a restricted basis. Granville & Co. Limited or Granville Davies Limited are market makers in these securities. * These securities are dealt on a restricted basis. Further details available.

Granville & Co. Ltd. 77 Mansell Street, London E1 8AF. Telephone 01-488 1212. Member of TSA.

Granville Davies Limited 77 Mansell Street, London E1 8AF. Telephone 01-488 1212. Member of the Stock Exchange & TSA.



Bloch: bittersweet jokes

I.G. INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SW1W 0BP
Tel: 01-828 7233/5699 AN AFD member Reuters Code: IGIN, IGI0

FT 30 FTSE 100
Aug. 1966/1975 -1 Aug. 2346/2356 -8 Aug. 2714/2726 +8
Sep. 1974/1983 -1 Sep. 2356/2366 -3 Sep. 2724/2736 +8

Prices taken at 5pm and change is from previous close at 9pm

OVERSEAS NEWS

Sri Lanka pulls back from brink on troop pull-out

By David Housego in Colombo

SRI LANKA yesterday pulled back from confrontation with India over troop withdrawals but insisted the Indian Peace-keeping Force must leave before the end of the year. Mr Ranjan Wijeratne, the Foreign Minister, told MPs he was sure the withdrawal "could be speeded up further with goodwill and understanding." He suggested the two sides should meet half-way, allowing Indian soldiers to go with honour.

Talks broke down a week ago with Sri Lanka insisting on withdrawal by December while India proposed a timetable that would have the 45,000 troops out by February. The Sri Lankan government thus seems to be looking for a compromise date, the end of the year, in line with the timetable agreed earlier this year between the two governments.

Mr Wijeratne's conciliatory tone came in sharp contrast to the ultimatums served on India in June and July. This heavy-handed approach came under attack from the opposition in parliament and in private from some ministers.

Mr Wijeratne sought to reassure India about the safety of the Tamil population in the

north and the effective functioning of the northeast provincial council. He seemed to endorse Indian Prime Minister Rajiv Gandhi's proposals for a conciliation committee in which all Tamil groups would participate. He also spoke of building "bonds with India that cannot be pulled apart."

The Sri Lankan change of heart brightens the prospect for a detailed agreement with India, but it by no means removes all the hurdles. The greatest of these is that the more Sri Lanka compromises with India, the greater the risk of antagonising the Tamil Tigers, the armed separatist movement in the north.

President Premadasa had reached an understanding with them on the basis of an immediate ceasefire and withdrawal by India. Mr Wijeratne made no mention of a ceasefire yesterday, implying that Sri Lanka is moving closer to the Indian position of a limited ceasefire to be extended if the Tigers participate in the proposed reconciliation committee. They oppose this because it would include Mr A.V. Perumal, the Indian-backed chief minister in the north whom they regard as a quisling.

China turmoil yet to hit trade with Hong Kong

By Michael Murray in Hong Kong

TRADE between Hong Kong and China flowed smoothly in June despite the turmoil in Peking, with Hong Kong government figures showing imports up 32 per cent over the same month in 1988, while exports rose 15 per cent.

The figures also show that despite a slowdown in economic growth, Hong Kong's merchandise trade still grew by 24 per cent in the first half of 1989.

Over the past few years Hong Kong has been rediscovering its entrepot role, and China-linked re-export business has been making up an increasingly large slice of

exports, both because Hong Kong provides the major port for southern China and also as a result of the many Hong Kong-owned factories being set up in Guangdong province.

During the first half domestic exports to China grew by 28 per cent to HK\$20.5bn, while imports from China leapt by 34 per cent to HK\$39.4bn. China bound re-exports rose by 35 per cent to HK\$2.6bn.

Most Hong Kong growth forecasts for 1989 have been downgraded since June 4, but predictions for real growth still hover around 5 per cent for the year, following growth of 7 per cent last year.

Japan's trade surplus falls again

By Ian Rodger in Tokyo

JAPAN'S merchandise trade surplus tumbled 16.5 per cent to \$5.9bn in July, on a year-on-year basis. It was the third consecutive month of decline and added to the evidence that the pace of structural change in Japan's economy is accelerating.

Exports grew only 1.1 per cent to \$28.4bn while imports jumped 8.1 per cent to \$17.4bn on a customs cleared basis, according to figures published yesterday by the Ministry of Finance.

The merchandise trade surplus with the US dropped 15 per cent to \$3.2bn, as exports rose only 1.5 per cent to \$3.1bn and imports from the US soared 21.9 per cent to \$4.2bn. Exports to the European Community dropped 3.5 per cent to \$3.5bn while imports rose 7.5 per cent to \$2.2bn, resulting in a surplus of \$1.3bn.

Economists in Tokyo said the import figures were flattened slightly by the weakening of the yen in recent months. However, oil imports were sharply down in comparison to a technical surge in the same month last year in advance of tax changes.

The most encouraging element in the figures was the sharp increase in machinery imports. Total imports of machinery were up 29.9 per cent to \$2.8bn. "This may reflect the difficulties that domestic manufacturers are having meeting demand, so companies are turning to foreign suppliers," Mr David Pike of UBS Phillips and Drew in Tokyo said.

There are also strong hints of self-restraint being applied by Japanese exporters in some of the figures. Exports of motor vehicles dropped 5.5 per cent to \$9bn and exports of videotape recorders were down 4.2 per cent to \$512.9m. On the other hand, semiconductor exports remained very strong, rising 17 per cent to \$1.3bn.

On a seasonally adjusted basis, the merchandise trade surplus for July was \$5bn, down from \$5.1bn in June.

On a year basis, exports in July reached ¥3,312.8bn, up 9 per cent, while imports jumped 17.5 per cent to ¥2,465.7bn.

Chukka sahibs play polo atop the world

Christina Lamb watches a free-for-all tournament high in the Hindu Kush

EVERY year or so, villagers from all over what is now northern-most Pakistan make the trek up 12,500 ft to the Shandur Pass, often taking two weeks by foot and horseback, for the world's highest polo tournament.

Polo, the world's oldest ball game, came from Iran to the Indian sub-continent in the 5th century BC as "poloor chaugar." In the states of Chitral and Gilgit, the "game of kings" was sponsored by royalty but played by anyone who could beg or borrow a horse.

When the British colonised India, they discovered the game in two outposts, Manipur in the Eastern Himalayas and Chitral-Gilgit among the mountains of the Hindu Kush and Karakoram. They civilised it and called it polo. Today, like in every village in the mountainous region of Chitral and Gilgit revolves around the polo field, all work stopping whenever a game is in progress.

The yearly tournament up the Shandur Pass wedged among the peaks of the Hindu Kush and the Hindu Raj, and dividing Chitral and Gilgit, is the highlight of the season, played between three teams comprising the best players of both regions.

Alam Khan, an ardent Gilgit supporter, has never missed a match despite having several times been wounded by a ball or mallet flying into the crowd. He thinks this may be his last trip. "There is no road from my village and the journey is taking me longer each time. This year it took 10 days."

Among the several thousand that make the often treacherous trip, there are no women. Alam Khan jokes: "This is a chance to get away from my wives. Besides, this is real



This is polo with no rules, resembling rugby on horseback

polo, not the namby-pamby game you Westerners play."

This is polo with no rules, resembling rugby on horseback as players try to push each other off their steeds or grab the ball with their hands. Played on a ground grazed by sheep, known because of the height as the "Moonlit Ground," beside a glaciated lake and circled by snowcapped peaks, the spectacle is worth the 10-hour trip from the nearest town of Chitral.

The players take two weeks preparing for the altitude, gradually moving their horses to greater heights. The match was late this year and fell in the rainy season, a miserable icy drizzle percolating everything. But the excitement of

those who had made the trek could not be dampened, as they sat perched around fires or in tents dotted across the slopes, drinking endless cups of tea and debating their teams' chances.

The beat of drums echoing through the mountains announced the start of the first day's play. Silence fell as the players assembled in midfield and the ball was flung into the centre by Makhdub Alam Khan, a 70-year-old who has been throwing the ball at Shandur since 1962 - a task usually reserved for village elders or honoured guests.

A few stray sheep were cleared from the pitch and the match was under way, a small but noisy pipe-and-drum band

striking up a discordant tune. The band played throughout, the rhythm quickening with the speed of the game.

The first match passed off uneventfully, Chitral losing badly 9-2 despite having the crowd on their side. Gilgit supporters had been delayed by the collapse of a bridge on the way up the pass.

During the next match, excitement mounted. A cow which had run onto the pitch was dragged off unwillingly, but a donkey was allowed to join the fray. The game was fast and furious, a favourite tactic being to deflect the ball off a low wall so the match would spill over into the spectators.

If a horse or player is taken

off hurt, the opposite number from the other side must also retire. By half time, both sides were three players down, Chitral having lost one player and two horses, one of which died of heart failure, his carcass dumped in the lake.

Chitral could only scrape two goals against Gilgit's 10. While faces of the Chitral players were downcast, the Gilgit team went wild, players dancing on their horses and being carried aloft by adoring mobs.

Having suffered two successive defeats, morale in the Chitral camp was low, though they still expected great things of their first team in the main match.

On the day of the Grand Final, the surrounding peaks were visible for the first time. The air of expectation among the audience had little to do with the impending arrival of Pakistan's Prime Minister to watch the match. Several spectators said they had never heard of Benazir Bhutto, and some seemed shocked to learn that they had a woman premier and that she was attending the tournament. "Polo is a man's game," grumbled one.

Arriving in a convoy of helicopters, Ms Bhutto was seated on the verandah of the pavilion of the Chitral Scouts who help organise the match, looking uneasy at the preponderance of photos of her enemy and predecessor, the late President Zia who inaugurated the pavilion on his last visit in 1986.

The final score: Gilgit 9, Chitral 5. The Gilgit captain brandished the huge silver cup and the night was given to dancing and feasting before the long trek back down the pass and start of the snows, marking the end of the polo season.

Controversial NZ minister given junior portfolios

MR ROGER Douglas, New Zealand's former Minister of Finance, was given portfolios far removed from economics by the new Prime Minister, Mr Geoffrey Palmer, when he appointed his new cabinet yesterday, writes Terry Hall in Wellington.

At the same time, Mr Palmer gave Mr David Lange, the former prime minister, two ministerial posts - Attorney-General and Minister of State - both outside the cabinet.

Mr Palmer made it clear that Mr Lange would continue to play an important role in government. He said Mr Lange's legal expertise would enable him to "room in a fairly wide-ranging way" to other portfolios, including education.

Mr Lange had been Minister of Education and had been pushing through a series of

reforms to schools and universities, at the time of his resignation. One of the main surprises of his resignation on Monday was that it was believed he would not be in a position to complete this task.

However, Mr Palmer said that in his new role, Mr Lange would be involved in all the legal drafting needed for education reforms, further underlining the key role he was expected to play in that sphere.

Mr Douglas, whose re-election to cabinet sparked Mr Lange's resignation on Monday, was made Minister of Police and Emigration, ranking 12th out of 19 in the cabinet. His exclusion from the economic area continues Mr Lange's pledge to keep Mr Douglas out of this area.

Mr Palmer said Mr Douglas's talent would be put to good use

in his new portfolios which needed restructuring. He would also be put in charge of the Audit Office and assigned for special projects.

Asked if there was a danger Mr Douglas and Mr Lange would clash, as both had roles allowing them to roam to other portfolios, Mr Palmer laughed and said: "No. Roger will be working in special projects that I will decide for him."

in his new portfolios which needed restructuring. He would also be put in charge of the Audit Office and assigned for special projects.

Asked if there was a danger Mr Douglas and Mr Lange would clash, as both had roles allowing them to roam to other portfolios, Mr Palmer laughed and said: "No. Roger will be working in special projects that I will decide for him."

Chicago would like to remind everybody that the first four letters of its name are Chic.



Yes, mesdames and messieurs, it's true. The place that Carl Sandburg once described as "... hog butcher to the world" and "... the city of big shoulders" is indeed one of the world's most fashionable locales.

In fact, if old Carl were to stroll the streets of present day Chicago, he'd be stunned by what a grand monde it's become.

Oak Street, for example, dotted with such names as Armani, Versace, Ultimo and Fiorucci, would jar his sensibilities.

Then there's State Street. That "Great Street" as Frank Sinatra has been known to address it in song.

No wonder. Block after block is filled with shop after shop. Electronics. Leather goods. Fashion. You name it and State Street's got it.

And anchoring it all are two of the world's great department stores - Carson Pirie Scott and Marshall Field & Co.

Oh yes, there's another fairly popular shopping district. Home to Bloomingdales, Saks, Lord & Taylor, I. Magnin, Bonwit Teller. And other renowned merchants. It's called Michigan Avenue. But to the true fashion enthusiast it also goes by another name. Paradise.

Adding further luster to Chicago's tres chic reputation are such designers as Mark Heister, Becky Bisoufis, and Price-Walton. Legendary photographer Victor Skrebneski. Superstar model Cindy Crawford. And, of course, the Apparel Mart. The six million square foot wholesale buying center that attracts over 3 million buyer visits a year.

For information on special tours of one of the world's true fashion meccas, simply fax us in Brussels at 32-2-5125809.

Chicago. These days, we're not only the city of big shoulders, we're the city of padded shoulders as well.



Chicago. The American Renaissance.

UK NEWS

Ports company willing to handle PCB shipments

By John Hunt, Environment Correspondent

ASSOCIATED British Ports, the owner of 21 privatised ports in the UK, said yesterday that it was prepared to accept shipments of polychlorinated biphenyls (PCBs), the toxic material that is being refused entry by some other ports.

"There is no ban on the handling of PCBs by Associated British Ports," it said. "It is not for ports to dictate what should or should not be imported."

It said ABP would handle cargo which met British and international regulations and would not endanger the safety and welfare of its employees.

ABP handled 56m tonnes of cargo last year, about 25 per cent of the UK total. Its ports include Southampton, Grimsby, Immingham, Hull, Swansea, Cardiff, and Barry.

The consignment of PCBs for Grosvenor Power Services of Manchester, which was rejected by the port of Tilbury earlier in the week, had met the proper pre-notification requirements regarding safety and packaging. However, the forms were made out for Liver-

pool where the vessel was unable to dock due to a strike.

The 1,500 tonnes of PCBs from Canada, which are now destined for the Bechem waste disposal company, have also gone through the correct legal documentation. However, the management of Liverpool Docks has said it would not handle the material.

The refusals follow the campaign by Greenpeace, the environmental organisation, to block the consignments. Some other docks are taking a similar line.

Mr Paul Horsman, director of the Greenpeace toxics unit, said last night he was disappointed at the ABP decision. Such toxic materials should remain within their country of origin, he said.

Mr Michael Grylls, Conservative MP for North West Surrey and chairman of the Conservative backbench trade and industry committee, called on managements of ports to lift their ban on PCBs.

"This anarchy is very dangerous for international trade," he said.

Alcan plant to shed 240 jobs as orders fall

By Anthony Moreton, Welsh Correspondent

BRITISH ALCAN Rolled Products is to shed 240 workers at its plant in Newport, Gwent, following heavier-than-expected losses in the first half of this year.

A fall off in orders, severe price competition in Europe and a restructuring of the company's European marketing strategy for its rolled-investment products have contributed to the plant falling into the red. The loss is understood to be about 50 per cent higher than the company budgeted for and runs into several millions.

The Newport plant is the largest in British Alcan's British operations and the cuts in the workforce, which will reduce the number on the site to about 1,000, will be phased over the next 18 months. Over the past four years £50m has been spent at the plant, opened in 1939, to bring productivity standards up to levels in West Germany and France.

British Alcan is just coming to the end of a £10m investment. Turnover from the plant is running at a little over £160m a year.

Mr Dale Thomas, plant director, said in Newport: "There has been a heavy operating loss in the first six months of this year compared with a downturn in orders and falling sales revenue."

"The company has been reorganising its business so that we can make a greater impact in the European market. We have been cutting out small orders and some products such as litho rolling for the printing industry have been ended."

British Alcan is probably best known for its Baco foil. The whole of the UK market for foil is supplied by Newport. It also makes secure bottle tops for the spirits industry, paint stock, flashproof products, heat-exchange material for the motor industry and the outer skins of aircraft.

The redundancies are the first big setback to the economy of south-east Wales for some time and will be seen as a reminder that its manufacturing base remains fragile and needs considerable nurturing before it is able to withstand the consequences of any cyclical downturn.

Demonstrating a wealth of poor service

David Lascelles explains why the human touch is vital in a competitive world

WHEN Napoleon accused Britain of being a nation of shopkeepers, it was obvious he had never visited the place. If he had, he would quickly have found the British are not very good at serving customers. Indeed, some people might say the traditions of the café gorpox in his own country are far more indicative of a service mentality than anything he would find in Britain.

IMAGES OF BRITAIN



Service

OF COURSE IT'S COLD. IF YOU'D TOLD ME YOU WANTED IT HOT YOU WOULDN'T HAVE HAD TO WAIT SO LONG FOR IT.



But how justified is this widely-held notion that service is poor here? Are visions of scruffy café, dirty trains, indifferent bank clerks and lazy council officials typical? And if so, does this mean the British have an in-built resistance to satisfying their customers? Or is the customer to blame for not being insistent enough?

Two examples, culled from personal observation, highlight these questions in different ways.

One is Foyles, supposedly Britain's leading bookshop but in reality a nightmarish rabbit warren from which notions of service seem to be largely absent.

The antique, finger-pinching lifts, the piles of books cluttering the floor, the stinky air, the difficulty of finding anyone who can help... it is astonishing that it manages to survive at all, particularly when shopping for books in Dillons up the road is such a pleasure.

Yet it does, probably because the public has a nostalgic preference for idiosyncratic, family-run businesses and doesn't demand - indeed feels uneasy about - slick service. The British do, after all, equate slickness with shallowness, and therefore humbling cosiness with quality of a kind.

A quite different example is Dovercourt, the large Volkswagen dealership in north London, owned by Lonrho, the UK multinational.

Contrary to the notions of reliability and quality associated with VW, Dovercourt is a most unpleasant company to deal with, even by the stan-

dards most of us associate with the motor trade. The atmosphere is dingy, the employees unsmiling, the charges breathtakingly high, and the chances of actually discussing your car's problem with the mechanic who worked on it rather remote. On a recent visit there, even the public telephone and the coffee machine in the grimy reception area were out of order.

Whether Dovercourt demonstrates the British ability to corrupt the high standards of foreigners, or merely proves VW does not deserve its quality image, it fulfills the quality-fest most people have about facilities industrial conglomerates.

In trying to get to the bottom of the service question, I had numerous discussions with representatives of businesses like retailing, catering, banking and tourism, and all of these confirmed the impression that service quality is a major problem.

But the back passes in never-ending circles. Employers blame staff shortages and low quality personnel, employees blame short-sighted management, management experts blame corporate structures, and other sorts of experts blame customers for not insisting on - or knowing - their rights.

These are sweeping judg-

ments of course. There are many ways in which British service is among the best in the world: the extraordinary efficiency of London's cab drivers, the welcome at the best sort of English pub, the unfussy value obtainable at the superior high street chain stores, in some luxury markets, British brand names have even become cynosures.

But whether or not these bright spots make up for the general gloominess elsewhere, the more encouraging point that came out of my discussions is that service quality is obviously rising up the list of management preoccupations.

It may still not be number one, but it's measurable where previously it was non-existent. What seems to have changed is that companies no longer view service quality as a costly fill-in but as something which actually enhances their business fortunes.

"I think service will become the main competitive factor in the 1990's," one of Britain's

leading retailers told me, though he admitted this was because all other competitive factors, like pricing, styling and design, had now been exhausted.

The British Tourist Authority is also trying to push up service standards. It says the problem is the low status accorded to jobs where service is important: booking clerks, waiters, train and bus conductors, and so on.

For either believe in, or have had instilled into them, an awareness of service. A lot of training is now being done, but staff turnover is high - and seasonal - and all this prevents a service culture taking root.

The BTAA's surveys show a modestly encouraging level of satisfaction, with hotels (more than two-thirds of visitors are at least "fairly satisfied"), though between the last two surveys in 1986 and 1987 the trend worsened a bit. Where there is dissatisfaction

it tends to focus mainly on poor value for money rather than standards of service. But value, of course, is a facet of service quality.

At Dovercourt, with whom I had long discussions, the management admitted standards were unsatisfactory, though it insisted the St John's Wood garage it used was probably the worst in the group because of exceptionally high staff turnover and operating costs.

It claims to be trying to improve the place. The budget was recently increased, and it tries to keep staff on their toes by sending in investigators masquerading as customers.

However, I came away with a strong sense that the conglomerate's approach of budgets, controls and pressure was unlikely to nurture that vital ingredient of genuine personal interest which makes for real service.

This is not to say major changes in attitude cannot be achieved, even in large groups. The classic and much-quoted example is British Airways whose service improvement campaign has achieved truly astonishing results.

But even here, I found people who were ready to criticise. Service has improved, they agreed, but in the process it had lost the human touch: instead of shabbiness there was the switch-on smile. I now see other British companies making mock in their advertisements of the American habit of saying "Have a nice day!" - the phrase which stands for mechanical service at its worst.

In short, the British seem to have an ambiguous attitude towards service, which prevents it rising to greater heights. They dislike filth, haste, rudeness and poor value. But they are just as suspicious of the phrase "Have a nice day!" - the phrase which stands for mechanical service at its worst.

In short, the British seem to have an ambiguous attitude towards service, which prevents it rising to greater heights. They dislike filth, haste, rudeness and poor value. But they are just as suspicious of the phrase "Have a nice day!" - the phrase which stands for mechanical service at its worst.



Officials check reissued Abbey National shares

Abbey certificates reissue amid claims of sabotage

By David Barchard

MORE THAN 365,000 Abbey National shareholders whose certificates were burned should receive replacement documents in the next few days, according to Lloyds Bank, who are acting as registrar for Abbey National's share issue.

Meanwhile Mr Alex Scott, owner of Business Mailing Services, the firm in Greenwich, south London, outside which the certificates are believed to have been burned in skips, yesterday issued a statement through Goldkorn Mathias, his solicitor, claiming that malicious persons had conspired to injure the company by staging the fires.

The statement said the company, which handled mailing of about one fifth of the share certificates for Lloyds, had started work on putting them into envelopes under supervision of officials from Lloyds and Midland banks and that no certificates had been burned while the company was responsible for them.

Mr Scott was said to be outraged at allegations made against himself and his com-

pany and said that letters before action and writs for defamation would be issued shortly to a number of newspapers.

More than 350,000 Abbey National share certificates which should have been posted to investors on July 11 have failed to arrive.

Scotland Yard said yesterday two former employees of Business Mailing Services had been arrested on Tuesday this week, but this was not directly connected with the burning of Abbey National share certificates. Police had arrested a man in connection with the incident on July 28, but later released him. Some unspecified items had been seized at the same time.

Lloyds, who say they are working round the clock to deliver the new certificates, admitted that some tens of thousands of shareholders living in certain areas will still be without certificates. "Information from them is still being processed and their certificates will be sent as soon as possible," it said.

Boots fined for overcharging

By Michael Cassell, Political Correspondent

BOOTS, the chemist chain, was yesterday ordered to pay more than £5,400 in fines and costs after admitting 17 offences of overcharging.

The company told Tiverton magistrates in Devon that a new price checking system had now been introduced nationally.

The court heard that most incidents - at stores in Holsworthy, Tiverton and Axminster - involved pennies, but the highest was 70p.

At the same court, Safeway supermarket admitted six charges and was fined £400 on each charge and ordered to pay costs of £396 for selling underweight meat. A meat pricing machine at the company's Tiverton store was wrongly set.

Labour lead in polls mocked by Chalker

By Michael Cassell, Political Correspondent

DEMANDS for proportional representation being made by Labour in its autumn conference were "a candid admission" that the party would never again win power on its own, Mrs Lynda Chalker, the Minister for Overseas Development, said yesterday.

Talking to party workers in her Wallace constituency, Mrs Chalker belittled Labour's poll lead, claiming it was lower than it had been at the same stage in both the first and second terms of the Conservative government.

She said the new-found interest in proportional representation, which is being resisted by Mr Kinnock, showed party members did not believe Labour could win without a new electoral system.

Mrs Chalker claimed that the party's membership was still declining rapidly, leaving Labour firmly in the hands of the trade union block vote.

Mrs Chalker was firing the latest salvo in an orchestrated campaign by ministers to turn the political spotlight on Labour and to demonstrate that the party is unfit to govern.

The offensive comes as Labour continues to enjoy a commanding lead in the opinion polls, although the latest Gallup 9000 for the Daily Telegraph showed the Opposition's lead being cut from 13 points to 10.5 points.

Labour leaders are taking encouragement from the Government's attack, which they interpret as a sign of genuine nervousness about its own position and confirmation that the Labour party is again being seen as a real electoral threat.

Mr Neil Kinnock, the party leader, is looking for a successful autumn conference to put the seal on the two-year policy review which will form the basis for Labour's next election manifesto.

Plans for the election campaign are already under scrutiny and a detailed battle plan is expected to have been drawn up for consideration by the party leadership after the conference.

Buy-out advocate is forced to quit WDA

By Anthony Moreton

THE WELSH Development Agency yesterday parted company with one of its two senior executives who in June put up a proposal for a management buy-out of its west Wales operations.

A carefully-worded statement from the WDA's Cardiff headquarters said that "the proposal to buy the west Wales operation of the agency makes continuation of his (Mr Wyn Pryce's) position as regional director untenable."

Another executive involved, Mr Viv Lote, investment manager in the region, is on holiday. It is expected his position will be reviewed on his return later this month.

This is the second occasion in a month that the WDA has released a senior executive in its organisation or one closely associated with it. Mr Norman Myerscough, investment director of the Welsh Venture Capital Fund, in which the WDA has a 50 per cent stake, also had to relinquish full-time executive responsibilities.

Neither the WDA nor Mr Pryce would comment on the

Stores scour stocks after beans scare

By David Churchill

TESCO was yesterday among the first grocery retailers to scour the shelves for tampered foodstuffs that had been tampered with.

The supermarket chain announced that it had issued instructions to all stores to check stocks of HP baked beans and withdraw from sale those cans identified as possibly having been tampered with.

The move followed a request by HP Foods to all food retailers to check their stocks after silvers of glass had been discovered in some cans of beans.

Other leading retail chains yesterday followed the Tesco lead and withdrew from the shelves all HP beans considered at risk.

The suspect cans were manufactured at the HP canning plant at North Walsham, Norfolk. A police investigation into the tampering is continuing.

HP Foods said yesterday that it regretted "the inconvenience caused to its consumers and retail customers but our prime concern must be the safety of consumers."

The company stressed that no blame or demands had been made.

The latest discovery of contaminated cans of beans by consumers in north-east England follows a similar case last month, when 13 cans of beans were found to have been tampered with.

Chief Superintendent Alan Smith, head of Norfolk CID, said yesterday: "We are as certain as we can be that the contaminant is being inserted maliciously."

He added: "We have interviewed staff at the factory and should set up a Ministry of Food, according to the London Food Commission, a watchdog group.

The commission said yesterday that people were becoming increasingly concerned about food quality while the Government concentrated most of its attention on cutting costs.

It called for a review of food policy, including the way the Government handles health and safety issues. It also wants an annual national and European food policy conference, at which consumers and industry would be equally represented.

The commission said recent food scares appeared to have taken the Government by surprise.

John Lewis cuts stores' sales budget

By Maggie Urry

DISAPPOINTING sales linked to high interest rates have hit consumer spending so the John Lewis Partnership has moved to cut its department stores sales budgets for the second half of its year.

John Lewis had expected its stores to show a sales increase of 3.4 per cent in its first half over the same period the previous year. However, the increase turned out at 5.8 per cent in the 26 weeks to July 29. Trading had been satisfactory in the first three months but tumbled off in May and was "very disappointing in July," the group said.

The first week of the second half was "an inauspicious opening" to the period, John Lewis said. Whereas a year ago sales of electrical goods, carpets and furniture had been strong, these areas fared badly this year.

Sales for the week to August 5 fell just short of £17m and only reached this level because a new store opened at High Wycombe, Buckinghamshire, this year. Another store, in Aberdeen, north-east Scotland, is due to open shortly.

John Lewis's Watrous food stores, by contrast, has seen its sales forecasts increased marginally from 6.0 per cent in the first half to 6.1 per cent in the second. The estimate was easily beaten in the first half, with sales rising 8.3 per cent.

Trade in Toytown is certainly no laughing matter

Nick Garnett finds that competition is tough and casualties many in the fun and games business

IT HAS been a tough time in Toytown for British companies during the 1980s. The country's big suppliers like Airfix, Mettoy and Lesney, once some of the world's great toy makers, ran aground soon after the decade began.

Top brand names like Corgi, Dinky, Chad Valley and Hornby have subsequently been tossed around from company to company like confetti. Meccano was re-established, but as a French business.

Like so many consumer industries, the UK toy business started a heading slide into trade deficit which it has been unable to reverse.

Complacent managements, faced with imports from the Far East and under pressure from a then high pound which unsettled their export-oriented programmes of factory closures.

The result was that a trade surplus of £22m in 1978 became a deficit of £5m in 1979, £63m the following year and a deficit of £245m by last year, according to gloomy statistics from the British Toy and Hobby Manufacturers Association.

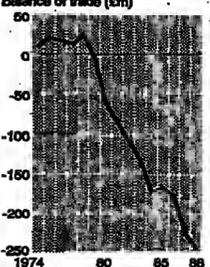
The past few years, however, have witnessed a few encouraging signs. Total output from Britain's toy and games factories in 1988 jumped 27 per cent to £411m after virtually unchanged turnover in actual terms during the previous seven years.

Some companies like Blue-



At the crossroads: the fiercest toy shop battles are waged with die-cast model cars

UK Toy Sector



bird, which is now the highest UK-owned toy maker having absorbed Mettoy and Peter Pan, has been growing quickly.

A few of the great brands have made a comeback as British companies. Hornby, which makes model trains as famous in the UK as those of Marklin of West Germany are in the whole of Europe, is doing well now. With its other products such as Scalextric racing cars, it made a profit of £2.4m last year on sales of £25.5m.

One area where Britain has been trying to keep its head above water in the face of a wave of Asian-made low cost products and some up-market continental European-made ones, is die-cast model cars.

On the face of it, this attempt runs against the tide of history. Spot-On, Crescent and Lone Star fell by the wayside long ago while Dinky, in decline from the 1950s, is now a brand produced in Macao, China. Matchbox, which was once part of a 14-factory empire run by Lesney in Britain, is now owned by Universal, a toy company controlled by a Hong Kong businessman and supplying solely from factories in Shanghai and Macao.

While the UK produced £37m of die-casts 15 years ago, controlled 95 per cent of the home market, and exported £23m worth, it is now in deficit on this trade.

Yet three British companies have survived as manufacturers in the UK. Corgi is a mainstream die-cast model maker while Lledo (toy vintage and veteran vehicles) and Britains' Petite (farm machinery and highway equipment) are two much smaller niche producers.

They have done this even though car building in Toytown remains as rough as ever. Mr Nick Austin, managing director of Matchbox Toys, the biggest importer of miniature vehicles made in the Far East, leaves you in no doubt about that.

Speaking about a recent price-cutting drive by Match-

Call to set up food ministry

The Government is out of touch with public interests and should set up a Ministry of Food, according to the London Food Commission, a watchdog group.

The commission said yesterday that people were becoming increasingly concerned about food quality while the Government concentrated most of its attention on cutting costs.

It called for a review of food policy, including the way the Government handles health and safety issues. It also wants an annual national and European food policy conference, at which consumers and industry would be equally represented.

The commission said recent food scares appeared to have taken the Government by surprise.

UK NEWS

Labour steps up its campaign against poll tax

By Michael Cassell, Political Correspondent

LABOUR yesterday stepped up its campaign against the Community Charge, claiming some people on income support could have nearly all that benefit clawed back to help pay any arrears.

Mr David Blunkett, Labour's local government spokesman, said some claimants could be left with just 10p in income support benefit after deductions made to pay outstanding poll tax bills.

He claimed the possibility had been fully spelled out in a leaked Department of Social Security document which outlines ways in which arrears can be deducted from income support payments, but not from other benefits.

Mr Blunkett said the document demonstrated how seriously the poor would be hit by the tax, which will be introduced in England and Wales next April, and added: "The document is an explosive indictment of the horrors of the cost of the poll tax."

"The DSS clearly accepts that hundreds of thousands of people already on the headline will simply not be able to pay their poll tax bills."

"If arrears build up then claimants could be left with as little as 10p of their income support to live on - a sickening indictment of the possible effects of poll tax."

The DSS denied the document had been leaked, saying it was part of a circular made public when it was sent to local authority umbrella groups in June.

An official stressed the maximum amount that could be deducted to pay poll tax arrears was £1.75 for single people and £2.75 for couples.



David Blunkett: warned of horrors of the poll tax

However no-one who received less than £1.84 a week in income support would be subject to any deductions.

She said there would never be a case where somebody was expected to live on 10p a week.

The Department stressed that income support was increased in October specifically to help meet the 20 per cent minimum contribution which claimants were expected to make towards the poll tax.

The one-off increases were £1.15 for single people under 25, £1.30 for single people over 25 and £2.30 for couples.

Mr Blunkett disclosed that the DSS document forecasts about 600,000 cases of poll tax payment deductions from benefit recipients.

He argued that total administrative and staffing costs involved in collecting the arrears would amount to £32m and that this money could be saved if those on basic benefit were allowed a 100 per cent rebate on the poll tax.

Minister voices worry over pay award levels

By Michael Cassell and Michael Smith

MOUNTING ministerial concern over the prevailing level of pay settlements emerged publicly yesterday, when Mr David Hunt, the Minister for Local Government, warned of a possible return to even higher rates of inflation.

Mr Hunt said he was "very surprised" that the local authorities had abandoned attempts to accompany their 8.8 per cent settlement with productivity improvements. He

added: "If we go on like this, then we really are going to get back to the bad old days under Labour, when we had inflation of 15.6 per cent on average."

His comments came as employers and union leaders considered the effects of the local government deal on impending wage negotiations. Nupe, the local government union, said it would be pressing for pay rises of 9.5 per cent for its manual workers.

Other workers still to settle wage deals include ambulance workers and post office counter staff, who have rejected packages of 6.5 per cent and 8.5 per cent respectively, and are balloting on industrial action.

Mr Hunt stressed that councils would have to fund the deal themselves. "Local authorities can be under no illusions about the consequences of this settlement. It is going to be up

to them to make savings to help pay for the cost and, if savings are not made, community charge bills are going to be higher."

Mr Hunt said the pay award would have a serious effect on inflation. "Although Nalگو may be saying they have won a great victory, I believe everybody has lost," he added.

Wage trends in the public and private sectors are worrying ministers far more than the

original prospect of a fresh wave of industrial disputes, some of which have now been resolved with high, no-strings-attached settlements.

Mrs Thatcher has not confined her condemnation of high pay deals for public sector workers, arguing that top salary earners must set an example to others.

Nalگو yesterday dismissed Mr Hunt's comments as sour grapes.

Bus drivers' strike hits E Midlands services

By Richard Tomkins, Midlands Correspondent

BUS services in Derbyshire and the East Midlands were disrupted yesterday, when most of the Derby-based Trent Bus Company's 600 drivers staged the first of a series of one-day strikes in support of a pay claim.

The drivers, all members of the Transport and General Workers Union, have rejected the management's offer of a 7.16 per cent rise. They are demanding an increase of at least the rate of inflation, currently 8.3 per cent.

The strike, which the drivers have threatened to repeat every Friday indefinitely, is further evidence of transport workers' militant mood following the British Rail and London Underground strikes.

Trent, a private company whose red-and-silver buses link small towns and rural areas in Derbyshire and surrounding counties, was yesterday operating fewer than 10 buses. They were driven by employees who had crossed picket lines.

Mr Ian Morgan, commercial director, said the pay offer was one of the highest in the industry this year and was all the company could afford.

"We don't fix our pay offers in relation to inflation. Last year inflation was 3.3 per cent on settlement date, but our regular drivers were awarded 6.3 per cent over 15 months. I don't think they would have been very pleased if we had used the inflation rate as a benchmark last year, and I don't see why things should be any different this year."

● Road haulage drivers will seek substantial pay increases and a reduction in working hours during forthcoming pay negotiations, the Transport and General Workers' Union said yesterday.

No need to compromise with the councils

Michael Smith looks at Nalگو's victory on two counts in the local government dispute

WHEN UNLGO leaders arrived at talks to settle the local government pay dispute two days ago they were prepared to compromise. They hardly needed to.

By the end of the day, they came out with a deal which even the more optimistic among them had not thought possible when the dispute began two months ago.

Although they missed the 9 per cent pay deal they had indicated would be acceptable on Thursday morning, they came close with an 8.8 per cent overall rise and up to 9.5 per cent increase for low paid workers.

On the other issue of the dispute - national pay bargaining - they emerged completely victorious, having forced the employers to abandon their proposals.

The settlement is the latest of three significant union victories in this summer's season of industrial discontent. Like British Rail and London Underground, the local authorities have conceded rises higher than the rate of inflation and agreed to accept some of the productivity concessions they wanted.

The councils emerge from the white-collar dispute severely weakened for pay negotiations with other groups of workers. They are also under heavy fire from a Government which is already no lover of local government.

Some Conservative-controlled authorities are angry that they have been forced under pressure from Labour-controlled councils to abandon - at least for the moment - their plan to devolve more collective bargaining from national to local level.

Eventually, they say, the national bargaining structure will be weakened by its rigidity, and more councils will negotiate their own deals in future.

The most immediate - and expensive - result of the dispute, however, is the precedent it sets for future deals. Union leaders of the local government manual workers have their eyes on the 9.5 per cent achieved by the lowest paid Nalگو members. Also still to come this year are deals to cover 456 council chief executives and 6,000 chief officers, and negotiations for magistrates' office clerks and probation officers.

The last local authority pay deal that attracted public criticism from the Government was the 10.6 per cent award to man-



David Thomas: advice for Acas referral was rejected

ual workers two years ago. The deal included extensive restructuring of grades and more local flexibility in rates.

The councils' troubles over white-collar pay stem from a decision last year to introduce more flexibility and a similar degree of local discretion into bargaining. It pleased the Government but set the 500 councils on a collision course with the unions, which feared it would dilute their power and lead to weak union branches being bullied by employers.

Nalگو had twice in the previous three years balloted mem-

bers on pay and both times members had said no. This year was different.

After years of seeing private sector pay settlements outstrip their own, members were more ready to fight over what was then a 7 per cent pay offer.

Union leaders also had the stick of the bargaining proposals, which would give councils more power over fixing grades and work hours.

They then chose their strategy carefully. Although the initial six days of national strikes hit everyone's pockets, they were limited enough to ensure support of a claimed 90 per cent of membership and at least 50 per cent. In the subsequent selective strikes by key workers no-one lost out, because the union gave everyone who took action full take-home pay.

By contrast some councils were hit hard. In Chester-le-Street, County Durham, only 11 Nalگو members were on strike but they effectively closed down the switchboard, reduced income from house rents and rates, and closed the computer section. Chester-le-Street wrote to the employers negotiators this week to urge an 8.8 per cent offer.

Employer solidarity on the so-called "strings" was also

waning. According to Mr Keith Sonnet, Nalگو national officer, many of the employers did not even understand the changes.

That is denied by Mr David Thomas, secretary of Laccab, the local authority advisory board which co-ordinates the employers' strategy.

He had seen the writing on the wall five weeks ago, however, when he told the board he did not think authorities had the stomach for a protracted fight. His advice of referring the dispute to Acas, the conciliation service, was rejected.

Arbitration was an option on Thursday. The Labour-controlled Scottish authorities, however, had little interest in the strings proposals. They wanted an early resolution and persuaded other Labour-controlled authorities to follow their line.

Tory-controlled councils were less open to persuasion. They opposed particularly the "bottom-loading" of the pay deal towards lower-paid grades.

It remains to be seen whether Tory councils with the existing freedom to pay supplements to scarce skilled workers will be sufficiently disenchanted with the result to break out of national bargaining altogether.

Isle of Man needs to 'diversify for 1992'

By Sue Stuart

THE ISLE of Man must strengthen and diversify its financial services if it is to benefit from the dismantling of trade barriers between European Community countries, according to a report prepared for the Manx Government.

The island, which is not part of the EC, enjoys a special relationship with the Community as a result of its political and economic ties with the UK. The Isle of Man is treated as EC customs territory and abides by EC rules on trade and agriculture, but does not contribute to Community funds.

However the report, compiled by KPMG Peat Marwick McLintock, says the island's economy remains vulnerable to future trends largely because of its dependence on its two main growth areas: financial services and high technology engineering.

The financial services sector accounts for about 30 per cent of the island's national income. Peat Marwick predict that this dependence will rise to about 50 per cent by the mid 1990s. Diversification within these

areas is recommended rather than attracting new activities which may detract from the strength of these existing trade links.

The report says: "In the Isle of Man we see the greatest potential for securing further diversification as being within the financial services sector, where a much broader range of products and markets will need to be achieved before the island can be said to be in the top tier of international finance centres."

The island's two key economic strengths are its low tax status and its relationship with the UK.

The principal risk to the Isle of Man of the single European market would come from any concerted move by the EC to stem the flow of capital to low tax areas in the context of the liberalisation of capital movement.

The Manx Government is recommended to monitor moves in this direction and to prepare a detailed defence of its low tax status to be used if such a move occurs.

Unions to seek EC funds for meetings

By John Gapper, Labour Correspondent

EUROPEAN Community funds may be used to finance meetings of unions representatives in companies that operate across EC borders and oppose such co-operation under an initiative by the European Trades Union Congress.

The British TUC may also apply for EC funding for a European-wide data network, which could be used by unions wanting to find out information on labour practices, legislation, and pay and conditions in other countries.

The moves, disclosed in a TUC report on the Single European Market, indicate that unions will attempt to circumvent employer hostility to co-operation between their workers in different EC countries by using EC funding.

Unions at Unilever are trying to establish a cross-border union grouping to co-ordinate bargaining across Unilever companies in Europe, and similar groups have already been formed in companies including Bull.

The report, to be presented to the TUC Congress next month, recommends that:

- The TUC takes the responsibility for gathering and circulating information to European unions in 1992 (it is discussing with Commission officials funding for a data network which unions could access.)
- Britain enters the Exchange Rate Mechanism quickly at a rate of no more than DM3 to the pound. (This policy

reverses the TUC's opposition to entering the ERM when it last discussed the issue in 1978.)

● Comparisons of wage rates and unit labour costs in European countries be used by European unions to ensure a "harmonising up" of training, productivity, investment and wages across the European labour market.

The report follows the visit of Mr Jacques Delors, European Commission president, to the TUC Congress last year. Mr Delors was well received when he said that the "social dimension" was an integral part of the Single European Market.

Figures in the report show that unit labour costs are relatively level across EC countries in spite of wide differentials in gross hourly earnings. They also show that the growth in earnings has been relatively slow in Britain since 1970.

The report argues that these figures back the argument that low-wage countries such as Portugal are no more efficient in terms of labour productivity than economies with higher wages such as West Germany and Denmark.

On cross-border union groups, the report says that employers have tended to resist union approaches. It argues that British unions will have to develop a more sophisticated approach to bargaining on wages and conditions in a developing European labour market.

British Gas offers 45% rise in London weighting

By Michael Smith

BRITISH GAS has offered to increase London weighting rates for white-collar staff by up to 45 per cent, according to union leaders.

The move reflects growing skill shortages in the capital and confirms increasing pressure on companies to revise London allowances.

Last week Barclays Bank said it has offered to raise its London allowances for staff, and the other four major clearing banks are likely to do the same shortly.

British Gas refused to comment yesterday on its proposals, but according to Nalگو, the local government union, the company's proposals would increase rates for inner London from £1,858 to £2,500, for metropolitan areas from £926 to £1,300, and for outer metropolitan areas from £344 to £500.

Mr Dave Strzaker, national gas officer for Nalگو, said yesterday that union negotiators will tell the company next week that the increases are not enough.

They also want the company to introduce the allowances for Roseland (the rest of the south-east) areas.

British Gas already pays supplements for some workers outside of the metropolitan area, but these are for scarce skill groups, such as information technology staff.

The rises British Gas is suggesting for London are considerably more in percentage terms than last year, when the top two payments rose from £1,605 and £248.

Nalگو says, however, that the payments do not adequately compensate workers for the cost of living in the capital.

Barclays' payment for inner London workers is already £3,000, and the bank is proposing to increase that to £3,200. That would be £700 more than the British Gas payment for central London.

The British Gas proposals for inner London cover 6,000 to 7,000 white-collar staff, says Nalگو. If the special payments were extended to Roseland another 3,000 workers or so would be covered.

British Gas's manual employees are covered by a separate agreement, although their allowances tend to rise in line with those of their staff colleagues.

Unilever Results

FIRST HALF 1989

SECOND QUARTER

Profit attributable (at constant rates of exchange) for the second quarter increased by 23% over the corresponding period last year to £259 million. Operating profit rose by 19% to £464 million. Our results were enhanced by profit of £27 million before taxation from the sale of our interest in an office building in Sweden. Without this contribution profit attributable and operating profit would have risen by 14% and 12% respectively.

At end June exchange rates the increase in profit attributable is 31% in sterling, 23% in guilders and 12% in dollars.

THE HALF-YEAR

For the half-year, profit attributable increased by 17% to £452 million. During this period sales volume, helped by acquisitions, rose by 5%. Operating profit increased by 16% to £325 million.

In Europe operating profits, excluding exceptional items, made modest progress. Volume growth and profitability improved in the latter part of the period. There was a strong performance in Frozen Products, particularly ice cream.

A satisfying feature of the half-year results is the progress made in North America and the Rest of the World.

In North America, the rise in operating profit of 53% included a marked increase in margins in most of our companies. There was also a contribution from the industrial edible fats businesses acquired in late 1988.

In the Rest of the World sales and operating profit improved significantly. In India we made good progress, regaining market share in detergents. The results of our businesses in Chile, Indonesia and Australia advanced strongly.

We continue to expand our operations through an active acquisitions programme. So far this year we have acquired 33 businesses costing almost £1.6 billion including, recently, Calvin Klein Cosmetics and Fabergé/Elizabeth Arden.

Over the half-year net interest costs increased as a result of rising interest rates and additional borrowing for acquisitions.

Given no unfavourable economic developments, we believe that the performance of the business will be maintained throughout the year.

COMBINED PROFIT STATEMENT (£ millions)

Second Quarter		Increase	£ millions (unaudited)	Half-Year		Increase
1989	1988			1989	1988	
4,827	4,279	13%	TURNOVER	9,161	8,259	11%
464	390	19%	OPERATING PROFIT	825	712	16%
15	14		Income from fixed investments	34	23	
(38)	(29)		Interest (net)	(72)	(46)	
445	375	19%	PROFIT BEFORE TAXATION	787	688	14%
1	(155)		Taxation on profit of the year	(315)	(287)	
1	-		Taxation adjustments previous years	2	-	
(12)	(11)		Outside interests	(22)	(21)	
259	209	23%	Profit attributable to shareholders	452	387	17%
15	-		Difference on translation of 1989 results at end June 1989 rates of exchange	26	-	
274	209	31%	PROFIT ATTRIBUTABLE TO SHAREHOLDERS	478	387	23%
14.68p	11.20p	31%	Combined earnings per share - per 5p of ordinary capital	25.59p	20.73p	23%

REGIONAL BREAKDOWN (£ millions)

Second Quarter		Turnover	Half-Year		Second Quarter		Half-Year		
1989	1988		1989	1988	1989	1988	1989	1988	
2,902	2,630	Europe	5,523	5,093	301	258	Operating Profit	506	465
976	858	North America	1,845	1,622	74	60	Europe	140	92
949	791	Rest of the World	1,792	1,538	89	72	North America	140	92
4,827	4,279	Total	9,161	8,259	464	390	Total	825	712

For copies of Unilever results statement, please write to: External Affairs Department, P.O. Box 88, Unilever House, London EC4P 6BQ.



The results of the third quarter and announcement of interim dividends for 1989 will be published on Friday, 10th November, 1989.

11th August, 1989

Small power stations hit by slower rates reductions

By Ian Hamilton Fazey

MANY small independent power stations using environmentally-friendly methods to produce electricity face closure because business rates will not drop as fast as expected.

Members of the Association of Independent Electricity Producers are at present assessed for rates on a formula used for the chemical industry. This puts them at a disadvantage to state-owned generators, which have their own formulae.

For example, a small power station in Buckinghamshire producing electricity from methane gas seeping out of a landfill rubbish tip pays rates of £16,000. Under the public sector's rules it would be £2,400. The staff of five sell the power for £190,000 a year.

Last year, the Department of Energy agreed that from next April independent producers would be treated similarly to state generators. As a result the rates bills of some independents should drop by

up to 85 per cent. However, Mr David Hunt, the new minister for local government, in the Department of the Environment has now ruled that the rates reductions must be phased in at 10 per cent a year.

This is in line with the phased introduction of the National Uniform Business Rate next April which will coincide with the first revaluation of commercial property for 15 years.

The lack of up-to-date valuations has meant businesses in southern England have been paying rates based on under-valued properties compared with their counterparts in the Midlands and north of England.

Getting property values correct across the country will involve an \$800m shift of cost from the north to the south. The change is being phased in at 10 per cent per year to ease the shock in the south.

EC backs paperless trading

By Alan Cane

THE EUROPEAN Commission is taking pioneering steps to promote "paperless" trading across Europe through the electronic transmission of business documentation.

This week it awarded a contract valued at 245,000 ecus (£175,000) to a consortium of UK-based companies, involving International Computers, International Network Services and Drew & Associates, for consultancy, project management,

software and services associated with paperless trading systems for the European insurance industry.

The project aims to speed the flow of information within the insurance market by automating the claims procedure.

Paperless trading systems or electronic documentation interchange are already in use in the UK insurance market and motor trade.

FINANCIAL TIMES

NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL
Telephone: 01-873 3000 Telex: 922186 Fax: 01-407 5700

Saturday August 12 1989

A long slog for Britain

THE LATEST assessments of the UK economy from the Bank of England and the Paris-based Organisation of Economic Co-operation and Development are reassuring. While warnings of the difficulties in interesting recent economic data, the reports conclude that the Chancellor's tight monetary policy is having the desired effects: domestic demand is growing more slowly; inflationary pressures are beginning to subside; and the current account deficit seems to be stabilising, albeit at around 3 1/2 per cent of gross domestic product. All this is good news: a few months ago, when pressure on sterling forced the authorities to raise interest rates to 14 per cent, the economic picture was far murkier.

To the interim, evidence pointing to a slowdown has accumulated. High interest rates have meant a dismal summer for estate agents; house prices are stable in the country as a whole and falling in the south east. Consumer confidence has weakened. The fall in retail sales in June was the sharpest for a decade; spending on durables is 5 per cent down on last summer's peak. The optimism which animated last year's surge in investment is beginning to dissipate. Profitability remains high but the corporate sector, unusually, is running a net deficit for a second year.

The overall increase in domestic demand in the first quarter was negligible. Moreover, there is some evidence that declining consumer and business confidence is starting to have an impact on inflation and the labour market. Dole queues have not yet begun to lengthen, but the rate of decline of unemployment has fallen significantly. The monthly figures may again become an embarrassment for ministers. At the same time, the growth of underlying earnings appears to be stabilising, albeit at a level that would be quite unacceptable in any competitor country. The most encouraging news for ministers is that inflation, at least as measured by the retail prices index, has probably peaked.

Loss of control

But although the Chancellor seems to be regaining his grip on the economy, the extent of his loss of control in 1987-88 is becoming more apparent. As the OECD points out, revisions to statistics have been unusually large. The latest figures show that real domestic demand was growing at an astounding 9.4 per cent in the second half of 1987. Business investment was growing at more than 18 per cent in real

terms. The question economic historians will struggle to answer is how Mr Nigel Lawson, the architect of the Medium-Term Financial Strategy and a strong believer in monetary discipline, could have allowed demand to grow at least three times as fast as potential output. It was this lapse which led to the rise in inflation and the sudden expansion of the current account deficit in 1988.

False economy

The episode remains a mystery. The 1987 stock market crash was obviously a factor because it led governments everywhere to relax policy at precisely the wrong moment. In Britain, the attempt to shadow the D-Mark (however desirable in theory) made matters worse because it led to further inappropriate cuts in interest rates in the first half of 1988. But the fundamental problem had little to do with either theory or policy: any Chancellor, whatever his beliefs, would have braked hard had he known what was happening in the real economy. The lesson is that techniques for monitoring the economy as opposed to forecasting the future - need to be improved substantially. Spending on government statistical services was cut in the early 1980s as part of the public sector efficiency drive. It would be hard to imagine a better example of a false economy.

Failure to comprehend what was happening in the past obviously raises doubts about the present. Might today's consensus view that domestic demand is gently subsiding prove equally wide of the mark? The OECD is certainly alive to this possibility. It warns that high interest rates may not be sufficient to combat inflationary pressures and recommends, as an additional safeguard, a tightening of fiscal policy. The Bank is less explicit about the balance of risks, but seems to favour a wait and see approach.

The pace of Britain's economic slowdown remains unclear. But the price that will have to be paid for the excess growth of demand in 1987-88 is becoming painfully clear. The UK is likely to maintain the confidence of overseas investors - and thus avoid a sterling crisis - only if domestic demand grows more slowly than output for a prolonged period. Since output growth will have to be relatively modest in view of inflationary pressures, the outlook for the British consumer is fairly dismal. Mr Lawson may be able to avoid a recession, but the best he can offer is a long hard slog on the economic front.

When a McDonnell Douglas Delta rocket blasts off from Cape Canaveral next weekend, it will mark the point of no return for the 10-company consortium backing Britain's largest private sector project after the Channel Tunnel.

The rocket will place in orbit British Satellite Broadcasting's first television satellite. It will be followed by a second satellite before the end of the year; if another launch can be scheduled in time.

Successful launches will make BSB the proud owner of a dedicated, \$300m (£187.5m) system designed to broadcast a high-power, five-channel television service to the UK on specific frequencies allocated by International Agreements. Along the way, BSB has encountered technical problems, delays and stiff competition from its satellite rival, Mr Rupert Murdoch's Sky Television. The billion-pound battle to be joined next year to sell British viewers television from space will leave little room for more than one victor.

In May, the contest looked as if it was over before it had begun. Mr Anthony Simmonds-Gooding, BSB's chief executive, had to admit that the consortium had been awarded its franchise, it would not be ready to transmit programmes on schedule.

The cruel jibe published by its rival in newspaper advertisements - "Sky on air, BSB hot air" - stressed BSB's difficulties. It had proclaimed a September launch and the introduction of a small, flat antenna called the Squaral. Neither was forthcoming. Furthermore, there were delays in the development of essential microchips.

To add to its embarrassment, Mr Alan Bond, BSB's leading investor, already facing severe financial difficulties, was declared by the Australian Broadcasting Tribunal not to be a "fit and proper" person to hold a broadcasting licence, a decision he is appealing against.

Already \$423.55m has been committed to the satellite project, by shareholders including Granada, Pearson (publisher of the Financial Times), Chateaux, the French textile and aviation group, and Reed International, as well as Mr Bond. Most of Mr Bond's main £128.7m investment has been paid in cash to BSB or is backed by first-class British bank guarantees. His £27.6m share of the latest £70m commitment has not yet been

The billion-pound battle to sell British viewers television from space will leave little room for more than one victor

received, although indications have been given that further payments will be made in the autumn. The consortium has a whole lot to raise another \$400m after the launch to tide the project over an inevitable loss-making period.

Despite the setbacks, Mr Simmonds-Gooding, a marketing man down to his brightly-coloured socks, continues to exude optimism and confidence.

"We really do feel we have a very strong hand," he says, adding that BSB technology will enable a move to higher quality, wider screen television pictures. Mr Simmonds-Gooding is relying on market research which suggests that as many as four fifths of the 4m UK households expressing an interest in satellite television will wait at least until next year before making up their minds about which service to choose. These figures, if accurate, should give BSB a chance in the market.

"We have the power to stop this market. We have done it and we can go on doing it until we are ready to go," says Mr Simmonds-Gooding, referring to television advertising cam-

Raymond Snoddy on the hopes and fears accompanying the satellite television project

BSB reaches the point of no return

paigns designed to persuade consumers not to buy dishes for the Astra satellite (which relays Sky Television's four channels) until they have had a chance to assess the opposition.

BSB's range of services will include a subscription film channel for which the consortium has acquired \$700m-worth of rights to show Hollywood films. These deals involve substantial financial guarantees to the studios whether the films are shown or not, making BSB's stake in a successful launch even greater. The consortium also plans to offer channels devoted to sport, general entertainment, factual programming and young people's interests. "If we do what we say we are going to do it will be pretty good," says Mr Simmonds-Gooding.

Consumer electronics industry specialists, however, speak of a mixture of arrogance and naivety at BSB. They say it was unwilling to accept help from the electronics industry or from engineering specialists at the Independent Broadcasting Authority, the body that regulates satellite broadcasting in the UK. "There was a total myopia in this respect by BSB. Now I am afraid they are reaping some of the consequences," says Mr Bernard Rogers, chairman of the technical committee of the British Radio and Electronic Equipment Manufacturers Association.

He believes BSB executives failed to appreciate the likelihood of delays with their complex microchips for the receivers, nor the lead time for turning a prototype Squaral into a mass consumer product.

"I'm saying it's March (for the launch)," provided the present rate of progress is maintained, says Mr Simmonds-Gooding. Some industry sceptics fear, however, that it could be May or June 1990 before the essential microchips are available in large enough quantities, and September before BSB is in a position to mount a full-scale consumer launch.

BSB's difficulties are far from unique among efforts in the last 10 years to launch high-power direct-to-home television. The first West German satellite had to be written off after a solar panel failed to open properly. A replacement was put in, apparently successfully, earlier this month. French and Scandinavian satellites have been successfully launched but it is still far from clear what precisely they will offer viewers.

Only in Japan has a high-power direct broadcasting satellite service made much headway. NHK, the Japanese public service broadcaster, claims more than 1.5m homes take its two-channel service. The students, NHK was sufficiently confident to introduce a ¥930 (£4.13) monthly charge for the previously experimental service.

Unlike the others, however, BSB has a formidable opponent competing ferociously in its own back yard. Sky Television uses the existing Pal television standard rather than BSB's untried D-Mac. Mr Murdoch is selling consumers receivers priced from £159 and making other special offers in his five UK national newspapers.

By the end of July, according to the FT Satellite Monitor, the monthly market research newsletter, 127,000

Breakdown of \$423.55m Investors' Commitment

1. Bond Corporation Holdings	35.8%
2. Granada Group	14.1%
3. Chateaux	12.0%
4. Reed International	10.0%
5. Next	5.0%
6. London Merchant Securities	3.7%
7. Argyle Television	3%
8. West International Holdings	1.8%
9. Trinity International	0.7%
10.	

Source: BSB

The five BSB channels

1. The Movie Channel. Six films a day. Free in the afternoon. Subscription in the evening.
2. The Sports Channel. Rights acquired include the English Football Association (Cup and International games), Scottish FA and League, and Australian Rugby League.
3. Galaxy. General Entertainment. Children's programming, day operas and game shows. BSB has an agreement in principle to acquire programmes from the BBC Library for Galaxy.
4. News. An information channel with programmes of legislative pursuits, news, parliamentary broadcasting, environment, education and health.
5. The Power Station. Rock and pop, plus programmes for teenagers and young adults.

homes were receiving Sky Television direct and at least as many again through cable networks.

At the end of this month, Mr Murdoch will announce a multi-million pound marketing initiative for Sky designed to take full advantage of BSB's absence from the market place in the pre-Christmas selling season.

Clearly, if BSB fails to produce working technology at a competitive price some time next year, then the consortium will turn rapidly into one of history's might-have-beens and one of Britain's largest write-offs.

If BSB can show that the technology works and can persuade financial institutions that there is a market, then Mr Ian Clubb, its finance director, is confident he can raise the \$400m of additional finance the company will need, probably through debt financing. "We have an enormous equity base. It's just huge. I have no doubt the money can be raised," says Mr Clubb.

homes were receiving Sky Television direct and at least as many again through cable networks.

At the end of this month, Mr Murdoch will announce a multi-million pound marketing initiative for Sky designed to take full advantage of BSB's absence from the market place in the pre-Christmas selling season.

Clearly, if BSB fails to produce working technology at a competitive price some time next year, then the consortium will turn rapidly into one of history's might-have-beens and one of Britain's largest write-offs.

If BSB can show that the technology works and can persuade financial institutions that there is a market, then Mr Ian Clubb, its finance director, is confident he can raise the \$400m of additional finance the company will need, probably through debt financing. "We have an enormous equity base. It's just huge. I have no doubt the money can be raised," says Mr Clubb.

who show no sign of panicking despite the setbacks. Mr Peter Davis, chief executive of Reed International, recently declared himself still fully committed to the project although he conceded he had become "more nervous". Mr Alex Bernstein, chairman of Granada, believes that satellite television will establish itself as a major business just as video has over the past decade.

What keeps investors in such a high-risk venture is the prospect of huge earnings: should subscription television establish itself successfully in Britain.

The pre-tax profits at Canal Plus, the French over-the-air subscription television channel, were around £100m last year. Canal Plus has fewer than 3m subscribers but no direct competition.

By 1992, 2m households subscribe to BSB and 70 per cent of them pay \$10 a month for one-third of the available commercial viewing. BSB could enjoy \$35m in subscription revenue, between \$9m and \$10m in advertising income and \$10m from data services and individual programme sales.

At the moment, BSB is anticipating its first operating profit in 1992-3 and overall profit in 1995-6. McKinsey, the consultants, recently warned, however, that BSB would have to earn an average operating profit of \$275m for each of the 15 years of its franchise to generate an acceptable return on shareholders' investment.

"This is 75 per cent of the total profit earned in 1988 by the top 15 US cable programmers after 10 years of industry development, with more than 50 per cent penetration of a country with more than 80m households," Mr Nick Lovagrove, a McKinsey consultant, argues.

Another consultant, Mr James Lee, of the Boston Consulting Group, has given a starker warning to both BSB and Sky Television.

The auction for programme rights between the two rivals, Mr Lee believes, has destroyed the economics of satellite television. The Hollywood studios once selling feature films at 20¢ a subscriber were suddenly able to demand guarantees of \$400,000 to \$600,000 a film and the cost of buying television programmes shot up from \$10,000 an hour to \$50,000.

Whereas Sky or BSB on their own might have broken even on dish sales of 1.25m, the effects of competition and the auction for programme rights could push this figure to 5m dishes, a level unlikely to be reached for 10 years, Mr Lee believes. Mr Murdoch holds the overall balance of power, particularly because he owns a Hollywood studio, Twentieth Century Fox, and broadcasting networks in the US and Australia.

"But his margin of advantage is not so massive as to make it inevitable that he will be victorious. The clash of the Titans is, therefore, unlikely to be a first-round knockout as many people would argue."

Mr Lee has argued for partial merging of the two ventures before the fight turns so bloody as to call their viability into question, and has been advising an informal group of BSB shareholders on terms of cooperation.

Though BSB has scorned the idea, Mr Simmonds-Gooding appeared this week not to rule out some form of merger if the contest got out of hand. "From a business textbook point of view, a merger makes sense. But I can't quite see it in practical terms," he told the trade magazine Broadcast. "The issue might become more potent if there is more blood-letting and things get tricky for both of us without a merger. But it must be a merger and not a takeover."

Away from the business textbook, however, BSB's current concern is strictly practical: to ensure that, if all goes well at Cape Canaveral, BSB's tortoise matches Mr Murdoch's hare. "When we do get to market, he is going to be in a lot of difficulty," Mr Simmonds-Gooding says.

MAN IN THE NEWS

Jean-Marc Vernes and Renaud de la Genière

Comrades in arms who now struggle for mastery

By George Graham



losed earlier this year by French stock market regulators for inadequate disclosure of the dealings of Béghin-Say, the sugar company which he chairs, with its parent company Ferruzzi.

Born in 1922, Mr Vernes comes from a long line of French Protestant bankers, and became a partner in the family bank, Messieurs Vernes et Cie, in 1959, before transferring it 10 years later into a limited liability company, under the name of Banque Vernes.

It was this bank that was nationalised in 1982, and eventually taken over by the Suez group. To rub salt into the wound of the nationalisation, of which Mr Vernes was one of the most ferocious and vocal opponents, it became clear that the state had in fact saved Banque Vernes, which lost FF160m in 1983, from the edge

of bankruptcy. It is the nationalisation compensation, already invested, which was the basis of the considerable Vernes fortune today.

Along the way, Mr Vernes has built up a formidable system of alliances with many of France's leading industrialists, helped by an engaging manner and a considerable capacity for making friends.

His way of life is luxurious, and he is a regular fixture at many of France's most fashionable pheasant shoots. The more academic Mr de la Genière is more likely to be discovered with a history book in his hand.

After bringing about the takeover of the sugar group Say by its rival Béghin, Mr Vernes succeeded Mr Fernand Béghin at the head of the combined group Béghin-Say, now France's largest sugar company. Béghin-Say came under

the control of Ferruzzi, the Italian foods group headed by Raul Gardini, in 1986 and Mr Gardini is now widely expected to be one of Mr Vernes's main backers in his defence.

Mr de la Genière, meanwhile, was climbing the ranks of the French administration. Breaking the family medical tradition - his father, grandfather and great-grandfather were surgeons - he attended the Ecole Nationale d'Administration (ENA), the elite civil service academy, before progressing to become director of the budget ministry and then, in 1979, Governor of the Bank of France.

A stalwart defender of the franc through three devaluations, his efforts to persuade the Socialist government of the merits of sound money are credited with contributing to the about-turn in French economic policy in 1983.

Monetary virtue had to be its own reward, however. Removed from the Bank of France by the Socialist government in 1984, it was not until the return of a right wing government in 1986 that Mr de la Genière was named as the head of Suez, a venerable financial power which converted itself after the nationalisation of the Suez canal into one of France's principal "banques d'affaires". It was Mr de la Genière who took Suez back into the private sector in a stock market flotation days after the stock market crash of October 1987.

It is said that Mr Vernes had hoped to be given the Suez chairmanship by Prime Minister Jacques Chirac, his friend and political ally. Instead, it was the chairmanship of Compagnie Industrielle that he took over in June this year from the 75 year old Mr Jack France.

Mr France, once a partner in the Vernes bank, then chief executive of Suez, led the manoeuvres which kept Victoire - then nominally a Suez subsidiary - in the private sector in 1982 when its parent was taken over by the state. It was one of the most successful resistance movements to the nationalisations.

Suez resisted Victoire's escape, but had to recognise defeat in a formal peace treaty, signed in June 1983, which has governed the finely balanced relations between Suez and Compagnie Industrielle since then.

Last week, the balance broke down, and Suez launched its twin takeover bids in an attempt to clear up a structure in which it has a consolidated financial interest of 42 per cent in Victoire, but hardly any power.

The struggle appears more than a mundane takeover battle: in the contrasting personalities of Mr de la Genière and Mr Vernes two very different schools of French business are in conflict. With a counterbid from Mr Vernes and his allies now widely expected, it seems likely to be many weeks before the victor emerges.

FILMS ON FINANCE

Five new releases from Financial I

- An Introduction to Futures
- An Introduction to Options
- U.K. Equities: The Issuer
- U.K. Equities: The Market
- U.K. Equities: The Investor

Financial I's existing library includes:

- An Introduction to Foreign Exchange
- Advanced Foreign Exchange
- Currency Options
- The Eurobond Market
- Interest Rate Swaps
- Currency Swaps
- U.S. Treasury Securities
- The Gilt-Edged Market
- The U.S. Money Market
- The Gold Market
- Soft Commodity Options



Over 250 banks, money managers, accountants, lawyers and corporations in over 40 countries worldwide use Financial I's films.

Trailer/Preview tapes and demonstrations are available on request

Please send me more information about Financial I's films on Finance.

Name: _____
 Postcode: _____
 Company: _____
 Address: _____
 Telephone: _____
 Telex/Fax: _____

Contact:
 Financial I Ltd.
 250 King's Road
 London SW3 5UE
 Tel: (01) 351 6955
 Telex: 94014307 = FINI G
 Fax: (01) 351 6950

Back in 1970, a small group of Americans and Canadians in Vancouver formed an organisation called the Don't Make a Wave Committee to protest at US testing of a nuclear weapon off the coast of Alaska.

The name was chosen because of fears that a tidal wave might result from the explosion. From this has grown the huge Greenpeace international organisation which has been making waves ever since by meticulously planned campaigns to protect wildlife and the environment.

This week it pulled off one of a string of successful publicity coups when it initiated a campaign which caused a Russian ship, the Khudochnik Saryan, carrying a toxic cargo of PCBs (polychlorinated biphenyls), to be turned away from Tilbury. Other docks immediately instituted similar bans.

On Tuesday, Charles Kronick, a 38-year-old Greenpeace researcher and anti-toxic waste campaigner, was doing paper work at the organisation's London headquarters tucked away above an antique market in Islington.

At dawn on Wednesday, he found himself piloting a rubber dinghy up the Thames to spearhead the Greenpeace protest against the importation of the hazardous material.

"You cannot deny that there is a certain amount of adrenalin running when you are involved in these confrontations," says Kronick. "You have to take it seriously when you are dealing with ships of that size."

"But you don't do it just for the excitement. That and my other work are just two sides of the same thing."

The operation, which generated big headlines and much TV coverage, was a classic example of the direct action which is at the core of the Greenpeace philosophy. It has used the media ingeniously to focus world attention on the save-the-whale campaign and the long-running battle against French nuclear testing in the Pacific. Local action has involved members hanging banners on Nelson's column and abseiling from bridges to protest against acid rain.

These tactics set it apart from other environmental groups, some of which look at such goings on. But allied to direct action is a belief in non-violence. "bearing witness" against what it perceives as the evils of the world which stems from the Quaker faith of some of the founders.

Before the events of this week, Greenpeace London headquarters had been planning an anti-toxic campaign for 18 months and knew that a number of vessels were leaving Canada with PCBs destined for Liverpool.

But the sudden appearance of the Russian vessel with an entirely separate cargo for Tilbury escaped the Greenpeace early warning system, so the protest had to be mounted overnight.

How does the organisation keep track of such complex movements of materials

John Hunt looks at the tactics Greenpeace uses in its campaigns for environmental causes

Making green waves

around the globe? On this occasion, it received a tip-off from a local journalist. Its own supporters also provide a big intelligence network. There are 3.5m supporters worldwide, including 287,000 in Britain where their number is said to be growing at the rate of 2,500 a week.

The organisation does not like to reveal its sources, but it also hears leaks from people within multinational companies and even within government. These "moles" are dismayed at what they see happening to the environment without the public's knowledge. Trade unionists are another prime source of information.

Greenpeace also has its own computerised database containing information about shipping movements, company records and toxic materials. Most of the offices in the 22 countries where it has members keep their own records and there is an international exchange of information via a central database in Amsterdam, the international headquarters.

Incomes in the UK last year amounted to £2.5m and are estimated at £44m for the whole organisation. The main source is the £12-a-year subscription from supporters. Budgets are worked out by the national bodies and approved at the annual meeting of Greenpeace's interna-

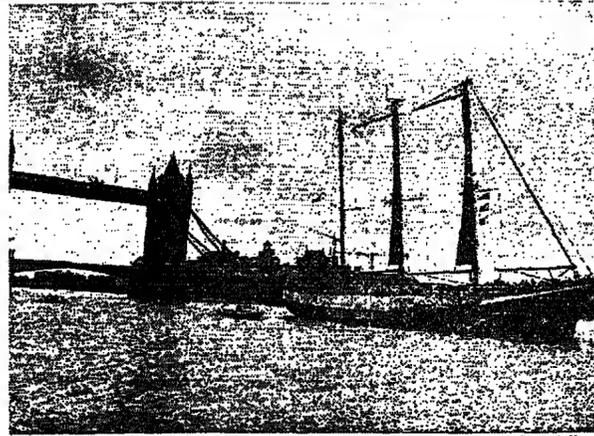
tional council in Amsterdam on which each country is represented. The money is then parcelled out for particular international campaigns.

The British branch was founded in 1977. Its current director-general is Lord Melchett, the former Labour Environment Minister. He is responsible to a five-member board. Campaigns in Britain are meticulously planned. There are five different units - nuclear disarmament, civil nuclear power, the atmosphere, toxic waste and wildlife. Before any campaign is launched, there is close consultation with Sue Adams, the chief press officer.

The considerable scientific research needed to back up a campaign is reviewed. The mood of the public is assessed to see if the time is right for action. Ms Adams insists that complex ideas are broken down into words the tabloid newspaper reader can understand.

Greenpeace activities make good television pictures. "We have a good relationship, but we don't live in each other's pockets," says Ms Adams.

The organisation now has its own television team employing four people and using freelancers. Videos are made of its activities and are sometimes shown by the national bodies and approved at the annual meeting of Greenpeace's interna-



The new Rainbow Warrior: in the Pool of London

of three train members in diving, climbing and abseiling techniques. It also assesses their physical fitness.

The international organisation runs a fleet of seven vessels. This week, the second Rainbow Warrior, converted from a trawler at a cost of £2.5m, sailed from London with sophisticated communications equipment on board to keep it in

touch with any branch of Greenpeace. The original vessel was sabotaged by French intelligence agents in New Zealand in 1985, in an explosion in which one person died. The organisation is still expanding. This year, a Greenpeace office was established in the Soviet Union and it is hoped that other offices will be opened throughout eastern Europe.

"HOW WAS your night?" has become the standard greeting in Beirut. A certain prestige goes with the closest call, the greatest danger, having a direct hit on your building. The conversation exercises the evil spirits of the night.

Just like Londoners in the German blitz of 1940, friends and colleagues compare their experiences each Beirut morning. It was terrible in Hamra, they say. Shells every few seconds. How was Beirut? Beirut? There was a man killed in the next building. One man says he knew it would be bad as soon as he saw the Syrians park their trucks in his street for shelter.

It is the same on both sides of the "green line" that divides Beirut into Moslems and Christians. Both communities suffer equally and react in the same way to the same small and great tragedies. Both the Christian leader, General Michel Aoun, and Druse leader Walid Jumblatt have said that the worst is yet to come.

Can it get worse? Jumblatt told an Arab newspaper this week that "Beirut will become another Stalingrad. Its future is very dark. Beirut will be demolished to the ground."

By light of day, Beirut tries to slough off its nightmare. An irrational hope seizes the city each morning. No amount of daily retelling, however detailed, can recreate the terror of a few hours earlier: what it was like to see my neighbour trembling in a foetal position, as if reducing the exposed surface of their bodies could lower the chance of injury; how they listened speechless to the hollow boom of outgoing shells, then endured the short pause - seconds that seemed like an eternity - before an incoming shell crashed like a thunderbolt and enveloped them in its rumbling.

Each morning, people can be found in the corridors of my office block with a bar of soap and a towel as they look for a friend's home with enough water for a shower. Since mid-

Lara Marlowe describes the ordeal of daily life in Beirut as shelling reaches new peaks of intensity

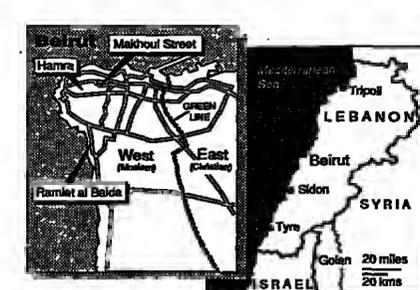
The worst is yet to come

July the current to pump the precious liquid has come on only once a week and supplies are quickly exhausted. In the humid, 32 deg C (90F) heat, the lack of water is, after the shelling, the greatest hardship. Housewives stack cases of Samin and Sahel Lebanese spring water in their kitchens. But for the poorest residents of the city mineral water is a luxury item. They boil contaminated city water when it is available and save it in old bottles.

Twenty-five year-old Rwan, her husband and two small children, abandoned their flat in the Hamra district of West Beirut to stay at her emigrant parents' home in Ramlet al Baida - where a generator provides water and electricity. The young couple quickly calculated artillery trajectories

and the relative exposure of the building to shellfire. Having decided that the dining room was the safest, they assembled the family valuables there - Persian carpets, television sets, diplomas from American universities - along with mattresses for themselves and their children.

Rwan says she has not left the apartment in 20 days because she is too frightened to go out. Her once perfect complexion is splotchy and there are dark circles under



her eyes. Yet she refuses to leave Beirut and join relatives in Africa or the US. "This is my home, I grew up here. I don't know how I would live somewhere else," she says.

The electricity shortage makes it impossible to run a refrigerator - unless you can afford vast amounts of gasoline to keep a generator working. Eating in a restaurant is therefore a risky business. "Is the meat good? Are you sure?" clients of the Spagheteria ask

the waiters, seeking reassurance that they won't get food poisoning. Has the Spagheteria really been running a generator all this time to keep its meat fresh?

Beirut cupboards are stocked with tinned goods for the bad days when it is impossible to go out for fresh food. Intrepid vegetable vendors throughout the city - even on the green line - are usually the first to test the calm between artillery battles. On days when there is no shelling, the smell of roasted chicken and schwarma - lamb cooked on a spit - wafts down West Beirut streets.

Syrian checkpoints are sandbag huts holding one or two soldiers, conscripts in their late 'teens, who silently appraise a car's passengers. When a soldier holds up two fingers in a V sign, it is not a gesture of solidarity; he wants a cigarette. If he is wearing his Soviet-made Second World War-vintage steel helmet, it is a sign that trouble can be expected.

West Beirut has suffered the worst casualties in the conflict between Lebanese Christians

and Syrian troops which started in March, but it has been less affected by the blockade. At a supermarket operated by the pro-Iranian Hizbollah militia in the predominantly Shia Moslem southern suburbs, women in chadors fill grocery carts with everything from fresh food to cologne to peeled tomatoes - all imported from Iran and sold at 20 per cent below local prices. But Hizbollah has been battling intermittently against the rival Amal movement for control of the Shia community, the country's largest minority, and few Lebanese are willing to risk their crosses just to save on groceries.

There have been bread shortages over the past four months. But for a price, delicatessens like Goodies and Smiths sell imported cheese, fillet steak and Cadbury's chocolates. Goodies in Vertun Street will even make home deliveries under shellfire. The Sunni Moslem middle classes can still afford the price. But the Lebanese pound notes so beautifully printed by Thomas De La Rue & Company in London have fallen from 2.5 to the

dollar to 500 to the dollar since Beirut became a battleground in 1975, forcing customers to carry their currency in large plastic shopping bags.

The Back Street nightclub in Makhoul Street fills up every evening with Lebanese journalists, Red Cross workers and the few foreign diplomats still in West Beirut. Many of them have spent hours waiting out artillery battles in the red and black lacquered interior. The club is on the ground floor in a narrow street - the next best thing to a basement shelter - and two armed guards at the front door help to foster a false sense of security.

Vestiges of the good life (for rich Shia Moslems as well as for Sunnis) can still be found around the pools of the Coral Beach and Summerland Hotels - where designer swimsuits are de rigueur - and at West Beirut's Golf Club, infelicitously situated near the airport and the southern suburbs. During the recent Amal-Hizbollah gun battles, golfers had to seek refuge in the club house. "Amal was holding the third hole," a Beirut businessman recalls. "Hizbollah was firing rocket propelled grenades at them from the 16th hole. They made a terrible mess of the course."

LETTERS

Working figures

From Mr Peter Robinson. Sir, in his article on the effects of European monetary union (EMU) on regional imbalances in Europe (August 7), Martin Wolf uses OECD information on regional differences in unemployment in order to make the generalisation that European states have worse regional problems than the US. This does not appear to be borne out by the OECD figures.

The extent of any regional imbalance is best measured by taking the ratio between the unemployment rate in the high unemployment regions and the rate in the low unemployment regions. A higher ratio signals a worse regional imbalance.

In the US, in 1987, the high unemployment regions had an average jobless rate of 8.4 per cent; 4.1 per cent in the low unemployment regions. The ratio was just over 2. In Britain the ratio was 13.6/7.6, about 1.8. In France the rate was 1.5, and in the Netherlands close to unity. In Germany it was 2.3, in Italy nearly 3.

Clearly it is not possible to generalise about the European countries. Some have more severe regional problems than the US - especially Italy - but many do not.

The US does have more regional differentiation in pay, and certainly more labour mobility among manual workers. But it does not appear to have any less of a regional problem as a result of these "flexibilities". Peter Robinson, Tottenham Town Hall, N15

'Not just a couple of rocks'

From Mr Paul Grobman. Sir, I was fascinated by Peter Gillman's article, "Everest: The Final Challenge" (Weekend FT, August 5). Over the argument on the complete ascent I place myself in the Chris Bournington camp. The first part of the ascent of North East Ridge is so horrifyingly difficult and dangerous that there seems no good reason for it ever to be attempted again.

What really intrigues me, however, is comment about the North Col route and the attempt by, among others, Mallory and Irvine in 1924.

Your correspondent writes: "They will also have to surmount the rock buttresses known as the First and Second Steps. These are among the mythic sites of mountaineering, for it was on one of these steps - no one is quite sure which - that George Mallory and Andrew Irvine were spotted as they made their bid for the summit in 1924. Soon afterwards clouds closed round them and they were never seen again. Subsequent parties on the ridge report no traces of the missing men."

A lot of this is open to question. There is nothing mythical about the First and Second Steps; at least three parties have got the better of them. What is important is that the First Step, as seen from below, is something of a swindle: by the standards of anyone capable of getting that far, you do not have to climb it, you just stroll round it.

The legends considerable force to Odell's impression that he saw what may have been Mallory and Irvine going strong for the top. One of the arguments against this "sighting" was that Mallory and Irvine would have had to overcome the First Step in a time which then was not thought possible. No one doubts Odell's bona fides, nor the fact that he was the subject of an unprece-

Tourism needs a clear lead

From Miss Sarah Dale. Sir, it was hard to identify a worthy recipient of a bouquet in "Bonquets and Brickbats" (August 5).

What the tourism industry needs is a rationalised organisational chart in which the British Tourist Authority is charged with all tourism promotion, both domestically and internationally, executing this through a network of regional tourist boards.

What we do not need is reduction of the English Tourist Board to a rump, and abolition of development grants for England - whereas the Scottish and Wales tourist boards continue to have overseas representation rights and to administer development funds.

In spite of declarations to the contrary, the present UK Government demonstrates a lack of commitment to tourism. It is apparently appropriate to grant subsidies to manufacturing industry, while planning to cut in real terms the BTA's grant-in-aid.

Government's role as co-ordinator in the international market place is vital. When the US Travel Service pulled out of overseas promotion, the US lost 25 per cent of its market share in 10 years. Sarah Dale, The British Incoming Tour Operators' Association, 77 Oxford Street, W1

A little local difficulty

From Mr Ilyd Harrington. Sir, Mr Stephen Garvin's call for the abolition of local government (Letters, August 7) shattered even my cynicism.

Goodness knows, he cannot have been paying much attention as a member of the London County Council Education Committee: locally elected people who built an education system which was the envy of the world.

I wonder, in the event of a left-wing government in the UK, whether Mr Garvin would object to it using the instruments of over-centralisation which the present Government would have prepared? Things might get difficult in his corner of East Sussex.

Ilyd Harrington, Inner London Education Authority, The County Hall, SE1

The disclosure debate

From Mr R.A.J. Waddingham. Sir, it is sad to learn that the Securities and Investments Board (SIB) has decided against the Consumers' Association, and is to let the insurance industry have its own way on disclosure of expenses and commissions (August 4). Rather than declaring expenses in cash terms, insurance companies are to be allowed to hide their costs by quoting the equivalent likely reduction in the future investment yield.

Such information is not likely to help the investing public. For some time the insurance industry has "hidden" the front end expenses and commissions on "untaxed" policies by the invention of "capital units." These units have quoted values, purporting to be marketable values, but the small print says these units cannot be realised at their so-

called "market values" because their future investment returns have been debited in advance with, typically, a 4 per cent a year expense charge.

Although this deduction from future yields was declared, the true effect was concealed. Capital unit holders are agast when they discover that the real values are often less than half the quoted values. (Indeed it is appalling that newspapers continue to publish "market values" on capital units when such values have no real meaning.)

The device of capital units has not given even informed investors an inkling of the actual size of front-end expenses, yet this is the approach the SIB has chosen. It should think again.

R.A.J. Waddingham, Barrett Waddingham & Co, 11 Tuford Street, SW1

Pensions and their value

From Mr N.H. Redman. Sir, Eric Short's item on private sector pensions failing to maintain their real value (August 6) was followed, ironically, by a report that personal pension sales had reached 3.5m. No doubt many had declined membership or opted out of good company schemes. Perhaps some were persuaded to do so by press comment criti-

cal of company schemes failing to use surpluses to improve pensions whose real value has declined. Employers should be given more credit for what they have been able to do to protect pensions, rather than criticism because they failed to achieve an ideal.

N.H. Redman, 18 Beaulieu Road, Westbury-on-Trym, Bristol

Hillsborough aftermath

From Mr J. Pendlebury. Sir, Lord Taylor, in the interim report on the Hillsborough football disaster, is quoted as saying the main reason was failure of police control.

There were many reasons why the disaster occurred, but the one thing responsible for most of the deaths was the perimeter fence, obviously

designed to withstand a pressure well above that which the human body can withstand. Blame must surely attach to those who authorised building the perimeter fence so that pressure could not be relieved in a controlled manner.

J. Pendlebury, 2 Louisa Avenue, Barron Bridge, Bolton, Lancashire

ADVERTISEMENT

Table with columns: Product, Rate net, CAR, Interest paid, Minimum balance, Access and other details. Lists various financial products and services with their respective terms and conditions.

UK COMPANY NEWS

North American push gives Unilever £787m

By John Thornhill

STRONG GROWTH in North America combined with more modest progress in Europe, produced a 14 per cent interim profits increase at Unilever. The Anglo-Dutch consumer products group recorded pre-tax profits of £787m for the six months to June 30, compared with the £689m. Turnover rose 11 per cent to £9.16bn.

The second quarter profit at £445m (£375m) was ahead of most forecasts, although £37m was accounted for by the sale of a Swedish office building.

Commenting on the half year figures, Mr Michael Angus, chairman, said: "By and large it has been a pretty satisfactory performance."

In particular, he emphasised the strong performances of Unilever's operations in North America and the rest of the world. North American businesses lifted half year operating profits by 53 per cent to

£140m (£92m) and operating margins improved from 5.6 per cent to 7.6 per cent. This increase was helped by the inclusion of two industrial food companies, Durkee and Pen-nant Products, which were acquired in late 1988.

Operating profits for the rest of the world were up 15 per cent to £179m (£155m). Mr Angus said good progress had been made in India as Unilever recovered from a price war in the detergent market. Strong advances were also recorded in Chile, Indonesia and Australia. Sales were up by 17 per cent.

In comparison, growth in Europe was more sluggish. Operating profits rose by 9 per cent to £966m (£880m) on turnover ahead by 8 per cent to £5.52bn (£5.1bn). Heavy promotional spending and depressed state of the agricultural market held back further profit gains. Frozen products, how-



Michael Angus, a pretty satisfactory performance ever, saw strong growth, particularly in ice creams. Unilever has continued its

extensive acquisitions policy and has made 33 purchases since the beginning of the year at a cost of almost £1.6bn. This includes the acquisition of two large cosmetic businesses - Calvin Klein Cosmetics and Faherger/Elizabeth Arden - although both were made after the end of the half year.

Attributable profits, which were flattened by exchange rate benefits and exceptional profits, were 23 per cent higher at £478m (£387m). Earnings were up to 25.56p (20.73p).

Mr Angus said provided there were no unfavourable economic developments, the performance would be maintained throughout the year.

Unilever has shown some steady progress and the year as a whole looks steady too; ongoing volume growth was a healthy 5 per cent, of which acquisitions contributed 3 per cent. North America and the rest of the world fared well but Europe was less vibrant. The company's phenomenal advertising budget of over £1bn a year is a sure indication of its commitment to the future; but some of this expenditure has a decidedly defensive edge. Fears of a flood of super-concentrated Japanese detergents have resulted in a pre-emptive advertising skirmish in Europe. Pre-tax profits for the year are likely to climb to £1.57bn, giving Unilever a prospective multiple of about 12. That represents a marginal discount to the sector which seems grudgingly ungrateful given the longer term view. But it might just be that, after Unilever's recent re-rating, the market is pausing for thought and more growth has to be done before Unilever is expected to harvest the rewards.

Ward White shares fall as plan for buy-out is abandoned

By Philip Coggan

WARD WHITE, the group facing a £300m bid from fellow retailer Boots, yesterday abandoned its hopes of constructing a leveraged buy-out deal at a higher price than the hostile offer.

The news caused Ward White shares to drop 10p to 446p. That allowed Boots, which is bidding 445p per share, to purchase a further 7.3 per cent holding, taking its total stake to 18.5 per cent.

The Ward White statement said that "detailed and extensive discussions with a number of parties have established that in the current state of the debt markets it is not possible to create leveraged proposals."

The main proposals under discussion were believed to involve a management buy-out of Fayless, the DIY chain,

organised by Charterhouse Bank and a leveraged buy-out of the rest, organised by Shearson Lehman.

But Mr Philip Birch, Ward White's chairman, said that in the wake of the problems of other retail LBO deals, such as MFI and Magnet, providers of that kind of money became increasingly concerned about their exposure to the sector.

Leveraged buy-outs involve large amounts of debt and the current high levels of interest rates have both increased the costs for companies of servicing that debt and squeezed the demand for their goods, thus reducing the cash flow needed to meet the highest payments.

Ward White is continuing to reject the Boots offer and is today expected to publish a breakdown of its interim prof-

its estimate of £3m for the six months to July 31.

Mr Robert Genn, chairman of Boots, said yesterday that "Ward White has been hiding behind a smokescreen of suggestions that there might be alternative proposals forthcoming to rival our increased offers. In a statement today they have at last made it clear that this is not going to occur. Shareholders should accept our increased offers at once."

The Boots offer, which is final, is due to close on August 23 and will not be extended in the absence of a rival offer.

One group unlikely to be pleased at yesterday's news is US arbitrage fund Junction Advisors, which has bought a 4.4 per cent stake in Ward White at prices of up to 461p, well above the Boots offer.

Novel alternative for Myson

By John Thornhill

BLUE CIRCLE Industries, the cement and home products company, has included a novel share alternative proposal in its £195.7m agreed offer for Myson, the boiler and radiator manufacturer.

In its formal offer document posted yesterday, Blue Circle declares its bid unconditional. It will take the average price of its shares over the previous five days and fix that as their value. It will then be able to determine the number of shares that have to be issued to Myson's shareholders to satisfy the assured price of 230p.

Mr Jim McColgan, Blue Circle's joint managing director, said Myson shareholders would

benefit from the proposal because they would receive Blue Circle shares at an assured value.

But Blue Circle will also benefit as it is protected against the risk of its share alternative rising above the cash offer, thereby inhibiting its ability to buy further shares in the market.

Blue Circle's offer document is accompanied by a letter from Myson's directors.

They write that Blue Circle's offer is clearly higher than Yale and Valor's earlier £185m bid and that it has strong commercial logic.

benefit from the proposal because they would receive Blue Circle shares at an assured value.

But Blue Circle will also benefit as it is protected against the risk of its share alternative rising above the cash offer, thereby inhibiting its ability to buy further shares in the market.

Blue Circle's offer document is accompanied by a letter from Myson's directors.

They write that Blue Circle's offer is clearly higher than Yale and Valor's earlier £185m bid and that it has strong commercial logic.

Spice falls £4.6m into the red

By Andrew Hill

SPICE, the troubled motor parts distributor, yesterday announced first half losses of £4.6m before tax - far greater than the group itself had expected.

In an attempt to strengthen Spice's battered balance sheet, the USM-quoted group announced its second rights issue within six months. It should raise about £2m in a three-for-four issue at 20p each, against yesterday's close of 21p, down 5p.

Spice's auditors qualified the accounts, but its bankers have agreed to keep a £4m overdraft facility available until September 1990.

Losses per share were 53.6p (27p earnings) for the six months to March 31. No dividend (1.2p) was declared. In the first half of 1987-88, Spice made £268,000 before tax.

Spice also announced it had bought a 50 per cent stake in a chain of retail outlets in London, providing £300,000 worth of stock.

It has also sold its 25 per cent interest in Spice Engineering to Mr Gordon Spice, who has given up his executive responsibilities as chairman, for £38,000.

PHK decides against valuing trade names

By Andrew Hill

PFG Hodgson Kenyon International (PHK), the new company formed to buy funeral directors Hodgson Holdings and Kenyon Securities, will not value the trading names of subsidiaries in its accounts.

The move reverses February's controversial decision by Hodgson, the UK's largest quoted funeral director, to put a value of £2m on the names of 80 subsidiaries bought over the last eight years.

Hodgson had argued that when buying a funeral business, goodwill and the value of the trade name were one and the same. The group - Britain's largest quoted funeral director - changed its accounting policy to avoid having to write off goodwill against capital and reserves, eroding shareholders' funds.

But advisers are thought to have told Hodgson that the new accounting procedure would complicate PHK's

expansion plans in Europe and the US. Kenyon does not put a value on its trade names.

PHK should pose its offer document on Monday. Investors are that PHK will have a market capitalisation, including ordinary and preference shares, of nearly £100m, combined net assets of £25m and borrowings of £5m.

Some Hodgson shareholders are upset by the terms of the deal, which offers equal value to both groups of investors despite the fact that Hodgson and Kenyon have different ratings and size.

The merger will initially give Pompey Foodservice Catering, the funeral directing subsidiary of French water company Lyonnaise des Eaux, a 14.5 per cent stake in PHK. That could increase to about 25 per cent with the conversion of preference shares acquired from B&C Ventures, British & Commonwealth Holdings development capital operation.

despite the fact that Hodgson and Kenyon have different ratings and size.

The merger will initially give Pompey Foodservice Catering, the funeral directing subsidiary of French water company Lyonnaise des Eaux, a 14.5 per cent stake in PHK. That could increase to about 25 per cent with the conversion of preference shares acquired from B&C Ventures, British & Commonwealth Holdings development capital operation.

Aberfoyle loses resolution on pre-emption rights

By Philip Coggan

ABERFOYLE, the overseas trading company with interests in Zimbabwe, was defeated at its annual meeting yesterday on a special resolution allowing directors to allot up to 5 per cent of its equity without invoking pre-emption rights.

Crescent Africa, the group led by Ghanaian Mr Kojo Nyantakyi which owns a 25 per cent stake in Aberfoyle,

opposed the motion. On a poll, 62 per cent of shareholders voted in favour of the motion, less than the 75 per cent majority required.

Mr Nyantakyi has consistently criticised the board and he said yesterday that he had "very little faith in the executive management. We will continue to breathe down their necks".

Rank acquires 18 Pizza restaurants

By John Ridding

Rank Organisation, the leisure and entertainment group, is acquiring 18 Pizza restaurants through the purchase of Little Dudley House, a private company, for about £7m.

The restaurants, which are called Pizza Piazza, are located in the south of England.

Mr Douglas Yates, director of special projects, said that the chain was profitable, but would not give figures.

Two more companies hit by UK trading conditions

By Edward Sussman

THE TOUGH UK retail climate has contributed to difficulties at two more companies - Oakwood Group and Campbell & Armstrong.

Oakwood, a diversified brand textile and specialist electrical contracting company which merged last August with CoxMoore, was the much harder hit of the two.

The directors said they expected to report a pre-tax loss of £3m for the half year to June 30, with an additional £2m extraordinary charge.

Oakwood shares have fallen recently, and lost another 30p

March says it is turning the corner this year

By Edward Sussman

MARCH GROUP, the USM-quoted racing car manufacturer, is looking for 1989 to be a turnaround year, with an expected return to profitability in 1990, says Mr John Cowan, the chairman, in his interim report.

For the six months to April 30 1989 the group made a pre-tax profit of £117,000. That compared with £113,000 which turned into a loss of £24.5m by the end of 1987-88.

At the end of May the group said its Formula One Grand Prix, Formula 3000, and its wind tunnel operations for £5.25m as part of its financial

March says it is turning the corner this year

reconstruction. Mr Cowan said the pre-tax profit included £793,000 from those.

March Engineering, which builds March and Hill racing cars, now had sufficient capital to support its rationalisation and development plans. The management team was concentrating on the IndyCar market where the subsidiary previously dominated.

The early season success of the March Alfa Romeo, and Mercedes engines well.

Proceeds from the disposals and the rights issue had eliminated borrowings.

DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding dividend	Total for year	Total last year
March Group \$	nil		0.64		0.64
Sphere Invest	0.875		0.875		2.082
Shevert Zigomatic	15.15		12.75	15.15	12.75
West Trust	0.25		0.25		
Wholesale Fitts	12.75	Oct 20	10.2	15.98	12.89

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issues. †On capital increased by rights and/or acquisition issues. \$USM stock. ‡Unquoted stock. #Third market.

LONDON RECENT ISSUES

Issue	Amount	Latest	1989	Stock	Offering	Price	%	Yield	P/E Ratio
1000	F.P.	11/8	11/8	1000	11/8	1.9	4.1	17.2	9.5
1000	F.P.	12/8	12/8	1000	12/8	1.9	4.1	11.0	9.0
1000	F.P.	13/8	13/8	1000	13/8	1.9	4.1	11.0	9.0
1000	F.P.	14/8	14/8	1000	14/8	1.9	4.1	11.0	9.0

FIXED INTEREST STOCKS

Issue	Amount	Latest	1989	Stock	Offering	Price	%	Yield	P/E Ratio
1000	F.P.	11/8	11/8	1000	11/8	1.9	4.1	17.2	9.5
1000	F.P.	12/8	12/8	1000	12/8	1.9	4.1	11.0	9.0
1000	F.P.	13/8	13/8	1000	13/8	1.9	4.1	11.0	9.0
1000	F.P.	14/8	14/8	1000	14/8	1.9	4.1	11.0	9.0

RIGHTS OFFERS

Issue	Amount	Latest	1989	Stock	Offering	Price	%	Yield	P/E Ratio
1000	F.P.	11/8	11/8	1000	11/8	1.9	4.1	17.2	9.5
1000	F.P.	12/8	12/8	1000	12/8	1.9	4.1	11.0	9.0
1000	F.P.	13/8	13/8	1000	13/8	1.9	4.1	11.0	9.0
1000	F.P.	14/8	14/8	1000	14/8	1.9	4.1	11.0	9.0

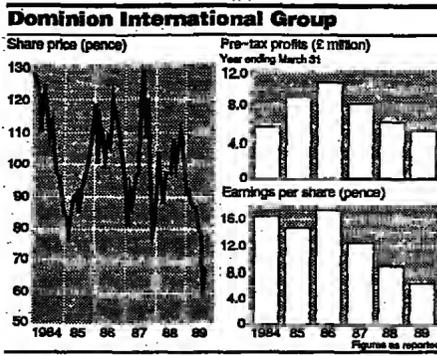
* Annual dividend. † Figures based on prospectus estimates. ‡ Dividend rate paid or payable on part of capital, where based on dividend on full capital. § Dividend and yield exclude special payments. ¶ Dividend and yield based on estimated annual dividend rates, where based on previous year's earnings. # Dividend and yield based on Prospectus or other official estimates for 1989. † Dividend and yield based on prospectus or other official estimates for 1989-90. ‡ Dividend and yield based on prospectus or other official estimates for 1989-90. § Dividend and yield based on prospectus or other official estimates for 1989-90. ¶ Dividend and yield based on prospectus or other official estimates for 1989-90. † Dividend and yield based on prospectus or other official estimates for 1989-90. ‡ Dividend and yield based on prospectus or other official estimates for 1989-90. § Dividend and yield based on prospectus or other official estimates for 1989-90. ¶ Dividend and yield based on prospectus or other official estimates for 1989-90. † Dividend and yield based on prospectus or other official estimates for 1989-90. ‡ Dividend and yield based on prospectus or other official estimates for 1989-90. § Dividend and yield based on prospectus or other official estimates for 1989-90. ¶ Dividend and yield based on prospectus or other official estimates for 1989-90. † Dividend and yield based on prospectus or other official estimates for 1989-90. ‡ Dividend and yield based on prospectus or other official estimates for 1989-90. § Dividend and yield based on prospectus or other official estimates for 1989-90. ¶ Dividend and yield based on prospectus or other official estimates for 1989-90. † Dividend and yield based on prospectus or other official estimates for 1989-90. ‡ Dividend and yield based on prospectus or other official estimates for 1989-90. § Dividend and yield based on prospectus or other official estimates for 1989-90. ¶ Dividend and yield based on prospectus or other official estimates for 1989-90. † Dividend and yield based on prospectus or other official estimates for 1989-90. ‡ Dividend and yield based on prospectus or other official estimates for 1989-90. § Dividend and yield based on prospectus or other official estimates for 1989-90. ¶ Dividend and yield based on prospectus or other official estimates for 1989-90. † Dividend and yield based on prospectus or other official estimates for 1989-90. ‡ Dividend and yield based on prospectus or other official estimates for 1989-90. § Dividend and yield based on prospectus or other official estimates for 1989-90. ¶ Dividend and yield based on prospectus or other official estimates for 1989-90. † Dividend and yield based on prospectus or other official estimates for 1989-90. ‡ Dividend and yield based on prospectus or other official estimates for 1989-90. § Dividend and yield based on prospectus or other official estimates for 1989-90. ¶ Dividend and yield based on prospectus or other official estimates for 1989-90. † Dividend and yield based on prospectus or other official estimates for 1989-90. ‡ Dividend and yield based on prospectus or other official estimates for 1989-90. § Dividend and yield based on prospectus or other official estimates for 1989-90. ¶ Dividend and yield based on prospectus or other official estimates for 1989-90. † Dividend and yield based on prospectus or other official estimates for 1989-90. ‡ Dividend and yield based on prospectus or other official estimates for 1989-90. § Dividend and yield based on prospectus or other official estimates for 1989-90. ¶ Dividend and yield based on prospectus or other official estimates for 1989-90. † Dividend and yield based on prospectus or other official estimates for 1989-90. ‡ Dividend and yield based on prospectus or other official estimates for 1989-90. § Dividend and yield based on prospectus or other official estimates for 1989-90. ¶ Dividend and yield based on prospectus or other official estimates for 1989-90. † Dividend and yield based on prospectus or other official estimates for 1989-90. ‡ Dividend and yield based on prospectus or other official estimates for 1989-90. § Dividend and yield based on prospectus or other official estimates for 1989-90. ¶ Dividend and yield based on prospectus or other official estimates for 1989-90. † Dividend and yield based on prospectus or other official estimates for 1989-90. ‡ Dividend and yield based on prospectus or other official estimates for 1989-90. § Dividend and yield based on prospectus or other official estimates for 1989-90. ¶ Dividend and yield based on prospectus or other official estimates for 1989-90. † Dividend and yield based on prospectus or other official estimates for 1989-90. ‡ Dividend and yield based on prospectus or other official estimates for 1989-90. § Dividend and yield based on prospectus or other official estimates for 1989-90. ¶ Dividend and yield based on prospectus or other official estimates for 1989-90. † Dividend and yield based on prospectus or other official estimates for 1989-90. ‡ Dividend and yield based on prospectus or other official estimates for 1989-90. § Dividend and yield based on prospectus or other official estimates for 1989-90. ¶ Dividend and yield based on prospectus or other official estimates for 1989-90. † Dividend and yield based on prospectus or other official estimates for 1989-90. ‡ Dividend and yield based on prospectus or other official estimates for 1989-90. § Dividend and yield based on prospectus or other official estimates for 1989-90. ¶ Dividend and yield based on prospectus or other official estimates for 1989-90. † Dividend and yield based on prospectus or other official estimates for 1989-90. ‡ Dividend and yield based on prospectus or other official estimates for 1989-90. § Dividend and yield based on prospectus or other official estimates for 1989-90. ¶ Dividend and yield based on prospectus or other official estimates for 1989-90. † Dividend and yield based on prospectus or other official estimates for 1989-90. ‡ Dividend and yield based on prospectus or other official estimates for 1989-90. § Dividend and yield based on prospectus or other official estimates for 1989-90. ¶ Dividend and yield based on prospectus or other official estimates for 1989-90. † Dividend and yield based on prospectus or other official estimates for 1989-90. ‡ Dividend and yield based on prospectus or other official estimates for 1989-90. § Dividend and yield based on prospectus or other official estimates for 1989-90. ¶ Dividend and yield based on prospectus or other official estimates for 1989-90. † Dividend and yield based on prospectus or other official estimates for 1989-90. ‡ Dividend and yield based on prospectus or other official estimates for 1989-90. § Dividend and yield based on prospectus or other official estimates for 1989-90. ¶ Dividend and yield based on prospectus or other official estimates for 1989-90. † Dividend and yield based on prospectus or other official estimates for 1989-90. ‡ Dividend and yield based on prospectus or other official estimates for 1989-90. § Dividend and yield based on prospectus or other official estimates for 1989-90. ¶ Dividend and yield based on prospectus or other official estimates for 1989-90. † Dividend and yield based on prospectus or other official estimates for 1989-90. ‡ Dividend and yield based on prospectus or other official estimates for 1989-90. § Dividend and yield based on prospectus or other official estimates for 1989-90. ¶ Dividend and yield based on prospectus or other official estimates for 1989-90. † Dividend and yield based on prospectus or other official estimates for 1989-90. ‡ Dividend and yield based on prospectus or other official estimates for 1989-90. § Dividend and yield based on prospectus or other official estimates for 1989-90. ¶ Dividend and yield based on prospectus or other official estimates for 1989-90. † Dividend and yield based on prospectus or other official estimates for 1989-90. ‡ Dividend and yield based on prospectus or other official estimates for 1989-90. § Dividend and yield based on prospectus or other official estimates for 1989-90. ¶ Dividend and yield based on prospectus or other official estimates for 1989-90. † Dividend and yield based on prospectus or other official estimates for 1989-90. ‡ Dividend and yield based on prospectus or other official estimates for 1989-90. § Dividend and yield based on prospectus or other official estimates for 1989-90. ¶ Dividend and yield based on prospectus or other official estimates for 1989-90. † Dividend and yield based on prospectus or other official estimates for 1989-90. ‡ Dividend and yield based on prospectus or other official estimates for 1989-90. § Dividend and yield based on prospectus or other official estimates for 1989-90. ¶ Dividend and yield based on prospectus or other official estimates for 1989-90. † Dividend and yield based on prospectus or other official estimates for 1989-90. ‡ Dividend and yield based on prospectus or other official estimates for 1989-90. § Dividend and yield based on prospectus or other official estimates for 1989-90. ¶ Dividend and yield based on prospectus or other official estimates for 1989-90. † Dividend and yield based on prospectus or other official estimates for 1989-90. ‡ Dividend and yield based on prospectus or other official estimates for 1989-90. § Dividend and yield based on prospectus or other official estimates for 1989-90. ¶ Dividend and yield based on prospectus or other official estimates for 1989-90. † Dividend and yield based on prospectus or other official estimates for 1989-90. ‡ Dividend and yield based on prospectus or other official estimates for 1989-90. § Dividend and yield based on prospectus or other official estimates for 1989-90. ¶ Dividend and yield based on prospectus or other official estimates for 1989-90. † Dividend and yield based on prospectus or other official estimates for 1989-90. ‡ Dividend and yield based on prospectus or other official estimates for 1989-90. § Dividend and yield based on prospectus or other official estimates for 1989-90. ¶ Dividend and yield based on prospectus or other official estimates for 1989-90. † Dividend and yield based on prospectus or other official estimates for 1989-90. ‡ Dividend and yield based on prospectus or other official estimates for 1989-90. § Dividend and yield based on prospectus or other official estimates for 1989-90. ¶ Dividend and yield based on prospectus or other official estimates for 1989-90. † Dividend and yield based on prospectus or other official estimates for 1989-90. ‡ Dividend and yield based on prospectus or other official estimates for 1989-90. § Dividend and yield based on prospectus or other official estimates for 1989-90. ¶ Dividend and yield based on prospectus or other official estimates for 1989-90. † Dividend and yield based on prospectus or other official estimates for 1989-90. ‡ Dividend and yield based on prospectus or other official estimates for 1989-90. § Dividend and yield based on prospectus or other official estimates for 1989-90. ¶ Dividend and yield based on prospectus or other official estimates for 1989-90. † Dividend and yield based on prospectus or other official estimates for 1989-90. ‡ Dividend and yield based on prospectus or other official estimates for 1989-90. § Dividend and yield based on prospectus or other official estimates for 1989-90. ¶ Dividend and yield based on prospectus or other official estimates for 1989-90. † Dividend and yield based on prospectus or other official estimates for 1989-90. ‡ Dividend and yield based on prospectus or other official estimates for 1989-90. § Dividend and yield based on prospectus or other official estimates for 1989-90. ¶ Dividend and yield based on prospectus or other official estimates for 1989-90. † Dividend and yield based on prospectus or other official estimates for 1989-90. ‡ Dividend and yield based on prospectus or other official estimates for 1989-90. § Dividend and yield based on prospectus or other official estimates for 1989-90. ¶ Dividend and yield based on prospectus or other official estimates for 1989-90. † Dividend and yield based on prospectus or other official estimates for 1989-90. ‡ Dividend and yield based on prospectus or other official estimates for 1989-90. § Dividend and yield based on prospectus or other official estimates for 1989-90. ¶ Dividend and yield based on prospectus or other official estimates for 1989-90. † Dividend and yield based on prospectus or other official estimates for 1989-90. ‡ Dividend and yield based on prospectus or other official estimates for 1989-90. § Dividend and yield based on prospectus or other official estimates for 1989-90. ¶ Dividend and yield based on prospectus or other official estimates for 1989-90. † Dividend and yield based on prospectus or other official estimates for 1989-90. ‡ Dividend and yield based on prospectus or other official estimates for 1989-90. § Dividend and yield based on prospectus or other official estimates for 1989-90. ¶ Dividend and yield based on prospectus or other official estimates for 1989-90. † Dividend and yield based on prospectus or other official estimates for 1989-90. ‡ Dividend and yield based on prospectus or other official estimates for 1989-90. § Dividend and yield based on prospectus or other official estimates for 1989-90. ¶ Dividend and yield based on prospectus or other official estimates for 1989-90. † Dividend and yield based on prospectus or other official estimates for 1989-90. ‡ Dividend and yield based on prospectus or other official estimates for 1989-90. § Dividend and yield based on prospectus or other official estimates for 1989-90. ¶ Dividend and yield based on prospectus or other official estimates for 1989-90. † Dividend and yield based on prospectus or other official estimates for 1989-90. ‡ Dividend and yield based on prospectus or other official estimates for 1989-90. § Dividend and yield based on prospectus or other official estimates for 1989-90. ¶ Dividend and yield based on prospectus or other official estimates for 1989-90. † Dividend and yield based on prospectus or other official estimates for 1989-90. ‡ Dividend and yield based on prospectus or other official estimates for 1989-90. § Dividend and yield based on prospectus or other official estimates for 1989-90. ¶ Dividend and yield based on prospectus or other official estimates for 1989-90. † Dividend and yield based on prospectus or other official estimates for 1989-90. ‡ Dividend and yield based on prospectus or other official estimates for 1989-90. § Dividend and yield based on prospectus or other official estimates for 1989-90. ¶ Dividend and yield based on prospectus or other official estimates for 1989-90. † Dividend and yield based on prospectus or other official estimates for 1989-90. ‡ Dividend and yield based on prospectus or other official estimates for 1989-90. § Dividend and yield based on prospectus or other official estimates for 1989-90. ¶ Dividend and yield based on prospectus or other official estimates for 1989-90. † Dividend and yield based on prospectus or other official estimates for 1989-90. ‡ Dividend and yield based on prospectus or other official estimates for 1989-90. § Dividend and yield based on prospectus or other official estimates for 1989-90. ¶ Dividend and yield based on prospectus or other official estimates for 1989-90. † Dividend and yield based on prospectus or other official estimates for 1989-90. ‡ Dividend and yield based on prospectus or other official estimates for 1989-90. § Dividend and yield based on prospectus or other official estimates for 1989-90. ¶ Dividend and yield based on prospectus or other official estimates for 1989-90. † Dividend and yield based on prospectus or other official estimates for 1989-90. ‡ Dividend and yield based on prospectus or other official estimates for 1989-90. § Dividend and yield based on prospectus or other official estimates for 1989-90. ¶ Dividend and yield based on prospectus or other official estimates for 1989-90. † Dividend and yield based on prospectus or other official estimates for 1989-90. ‡ Dividend and yield based on prospectus or other official estimates for 1989-90. § Dividend and yield based on prospectus or other official estimates for 1989-90. ¶ Dividend and yield based on prospectus or other official estimates for 1989-90. † Dividend and yield based on prospectus or other official estimates for 1989-90. ‡ Dividend and yield based on prospectus or other official estimates for 1989-90. § Dividend and yield based on prospectus or other official estimates for 1989-90. ¶ Dividend and yield based on prospectus or other official estimates for 1989-90. † Dividend and yield based on prospectus or other official estimates for 1989-90. ‡ Dividend and yield based on prospectus or other official estimates for 1989-90. § Dividend and yield based on prospectus or other official estimates for 1989-90. ¶ Dividend and yield based on prospectus or other official estimates for 1989-90. † Dividend and yield based on prospectus or other official estimates for 1989-90. ‡ Dividend and yield based on prospectus or other official estimates for 1989-90. § Dividend and yield based on prospectus or other official estimates for 1989-90. ¶ Dividend and yield based on prospectus or other official estimates for 1989-90. † Dividend and yield based on prospectus or other official estimates for 1989-90. ‡ Dividend and yield based on prospectus or other official estimates for 1989-90. § Dividend and yield based on prospectus or other official estimates for 1989-90. ¶ Dividend and yield based on prospectus or other official estimates for 1989-90. † Dividend and yield based on prospectus or other official estimates for 1989-90. ‡ Dividend and yield based on prospectus or other official estimates for 1989-90. § Dividend and yield based on prospectus or other official estimates for 1989-90. ¶ Dividend and yield based on prospectus or other official estimates for 1989-90. † Dividend and yield based on prospectus or other official estimates for 1989-90

UK COMPANY NEWS

Calling for an end to jolly shareholder perks

Clare Pearson on the changes being demanded at Dominion after the departure of Max Lewinsohn

THE CHRISTMAS tea parties will just have to stop. That was the view of one investor at this week's annual meeting of Dominion International...



repeated statements from the company that it was working towards a better focus. Mr Lewinsohn's basic plan was to sell the energy, mining, and property interests and build up the financial services side.

the tortuous tale of Southwest Resources, the USM-quoted energy company of which Mr Lewinsohn is still, for the moment, chairman. Since early last year Dominion has been cutting its previous majority stake...

GrandMet invests A\$50m into Elders offer

By Ray Bashford

GRAND Metropolitan, the international food and brewing company, is participating in the A\$50m (£2.58bn) takeover offer for Elders Ltd, the diversified Australian brewing group.

Our Price-directors to resist legal proceedings

By John Ridding

THE five directors and senior employees of our Price who have been dismissed or suspended by WH Smith, the retailing group which is its parent company, stand yesterday that they intend to resist the legal proceedings against them.

Barclays takes control of CFS

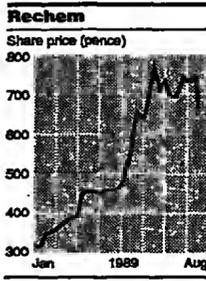
Barclays, the biggest UK credit card issuer, has bought a controlling stake in CFS Card Finance Systems of Hamburg.

Barclays Central Retail Services, said the purchase was part of Barclays' long term aim of becoming a European credit card issuer after 1992.

Public concern can turn into a double-edged sword

Vanessa Houder looks into the latest controversy surrounding waste disposal companies

AS A specialist in toxic waste disposal, Rechem has been at the eye of a storm this week. Yesterday, its share price fell 10 per cent as the publicity over hazardous imports finally took its toll.



hiccups, which may encourage investors to steer away from toxic waste disposal companies. Leigh Interests, the poorest performer of the waste disposal companies, has already suffered from bad publicity.

LEADING WASTE DISPOSAL OPERATORS table with columns for company name and % share price change over one year.

These were fuelled last year by fears it might treat the wastes from the Karin B, a ship carrying chemical waste that was turned away from the UK.

standards are those companies which already line landfill pits with impermeable materials and monitor them constantly. Broody speaking, all the quoted landfill operators already adopt stringent standards and should benefit from the increased costs inflicted on smaller rivals.

MARKET STATISTICS

BANK RETURN table showing weekly and monthly returns for various banking departments.

EUROPEAN OPTIONS EXCHANGE table with columns for series, bid, ask, and stock prices.

BASE LENDING RATES table listing interest rates for various banks and currencies.

ECONOMIC DIARY: TOMORROW: national Savings results for July. MONDAY: Central Statistical Office publishes July provisional producer price index numbers.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

FT-ACTUARIES SHARE INDICES table showing performance of various equity groups and sub-sections from Friday August 11 1989.

FIXED INTEREST

FIXED INTEREST table showing average gross redemption yields for various fixed interest instruments.

INTERNATIONAL COMPANIES AND FINANCE

ABB offers to buy big Spanish electricals group

By Peter Bruce in Madrid and Robert Taylor in Stockholm

ASEA BROWN Boveri (ABB), the European electrical engineering multinational, has offered to buy OCC, Spain's biggest electricals group, and restructure it as part of a Spanish government effort to turn around and modernise the country's ailing railway and power generation industries.

Merrill Lynch sells property subsidiary

By Karen Zagor in New York

MERRILL LYNCH, the Wall Street securities firm, is withdrawing from the residential property business with the sale of its unit, which is also being sold to executive relocation, to Prudential Insurance Company of America in a deal worth more than \$300m.

Brothers aim to show who's Boss

Haig Simonian visits the successful German menswear company

Few companies better illustrate the differences between image and reality in the international fashion business than Hugo Boss, the West German mens clothing group which has boomed since floating its preference shares in 1985.



Jochen Holy (left) and Uwe Holy: foreign turnover looks set to race ahead

Boss's overall sales growth from 21 per cent in 1987, admits Mr Uwe Holy. But the stagnation in domestic turnover has also been partly of its own making, Boss claims.

1980, but the biggest development will be in fragrances, Boss's biggest single source of licensing sales, with turnover of DM80m in 1988.

Petrofina pumps in a 6.5% increase

By Our Financial Staff

PETROFINA, the big Belgian oil company and the country's largest industrial group, reported profits up by 6.5 per cent in the first half of 1989 to BFr11,492m (3331m) compared with BFr10,792m in the same period of last year.

Swedish broker expands

By Robert Taylor

GARNEGIE, Sweden's biggest stockbroker and part of state-owned Erikbank, announced expansion plans yesterday which will involve the establishment of branches in Norway, Finland and Spain.

Decline at Placer Dome

By Robert Gibbins in Montreal

PLACER DOME, Canada's largest gold producer, recorded an 11 per cent decline in average realised gold prices in the first half, while production costs and exploration spending were higher.

Sharp advance at Weston

By Robert Gibbins

GEORGE WESTON, the main North American holding company of the Weston family, turned in sharply higher earnings for the first half of 1989.

WORLD COMMODITIES PRICES

Table with columns: WEEKLY PRICE CHANGES, Latest prices, Change on week ago, Year High, Low. Includes sub-tables for SPOT MARKETS, COCOA, COPPER, POTATOES, SOYABEAN METAL, FRESH FRUIT, GRAINS, SUGAR, RUBBER, GASES, CRUDE OIL.

Table with columns: LONDON METAL EXCHANGE, LONDON BULLION MARKET, SOYABEAN METAL, FRESH FRUIT, GRAINS, SUGAR, RUBBER, GASES, CRUDE OIL.

Table with columns: US METALS, GOLD 100 troy oz, PLATINUM 85 troy oz, SILVER 500 troy oz, COFFEE, SUGAR WORLD, COTTON, ORANGE JUICE, RICE, WHEAT, SOYABEAN MEAL, MAIZE, LIVE CATTLE, LIVE HOGS, PORK BELLES.

Table with columns: Chicago, SOYABEAN, CRUDE OIL, HEATING OIL, COCOA, MAIZE, LIVE CATTLE, LIVE HOGS, PORK BELLES.



INT. COMPANIES

Hotel groups cool over Hilton

By David Churchill, Leisure Industries Correspondent

INTERNATIONAL hotel groups were cool yesterday about making what would be a \$3bn takeover bid for Hilton Hotels, the US domestic chain which late on Thursday said it was contacting prospective buyers.

Two Singapore banks record higher earnings

OVERSEA-CHINESE Banking Corporation (OCBC) and Overseas Union Bank (OUB), Singapore's third and fourth largest bank holding groups respectively, each recorded higher earnings for the six months to June, AP-DJ reports from Singapore.

LEGAL NOTICES

No. 864158 of 1988 IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION IN THE MATTER OF ASHLEY GROUP plc AND IN THE MATTER OF THE COMPANIES ACT 1985

EDUCATIONAL

EXPERT ADVICE HOTLINE 01-792 2244 MAKE SURE YOU STUDY AT A B.A.C. RECOGNISED COLLEGE THE PROFESSIONAL BODY FOR INDEPENDENT 11th FORM & TUTORIAL COLLEGES A LEVEL OR GCSE COURSES

GIEL IN FRANCE LEARN TO SPEAK FRENCH BY TOTAL NATURAL IMMERSION WITH FRENCH PARTICIPANTS FOR 7 INTENSIVE DAYS IN THE BORDOISE

OBITUARY DAVID BERNARDI EVANS Freeman of the City of London and retired after 35 years in the City of London, passed away peacefully on 8th August after a short illness.

PERSONAL Mr & Mrs R. E. B. have pleasure in announcing the marriage of their daughter, Mrs. Elizabeth to David William Lane on Saturday, 12th August 1989.

CLUBS

FINANCIAL TIMES NUMBER ONE BOUTIQUE BRIDGE, LONDON EC2A 3JE

FOREIGN EXCHANGES

Dollar up despite intervention

CO-ORDINATED intervention by at least 10 central banks yesterday failed to halt a renewed surge by the dollar.

further confidence because at first there was no sign of any central bank intervention. By the time the various central banks had intervened, the dollar had risen by a sufficient amount to leave many investors with short positions that were becoming more expensive by the minute to maintain; the size of the move into dollars was sufficient to overcome the effects of the intervention.

ited effect unless the dollar is already starting to look overbought. This was not the case yesterday, and many traders expect the dollar's improvement to continue up to around the DM1.9700 level.

£ IN NEW YORK

Table with columns: Aug. 11, Last, Forward. Rows for 1 month, 3 months, 6 months, 12 months.

STERLING INDEX

Table with columns: Aug. 11, Last, Forward. Rows for 1 month, 3 months, 6 months, 12 months.

CURRENCY RATES

Table with columns: Aug. 11, Bank, Section, Currency, Forward. Rows for Australia, Canada, Hong Kong, etc.

CURRENCY MOVEMENTS

Table with columns: Aug. 11, Bank, Section, Currency, Change. Rows for Sterling, US Dollar, etc.

OTHER CURRENCIES

Table with columns: Aug. 11, Bank, Section, Currency, Forward. Rows for Argentina, Brazil, etc.

FORWARD RATES AGAINST STERLING

Table with columns: Spot, 1, 3, 6, 12 months. Rows for US Dollar, DM, etc.

MONEY MARKETS

UK rates firmer

LONGER TERM interest rates were higher in London yesterday, partly in response to a weaker pound, but also because there seems to be little chance of a cut in bank base rates at least until next year.

UK sterling bill issue leading rate

\$650m, later revised to \$700m and then \$750m, and gave help in morning of \$600m through outright purchases of 50m of local authority bills in hand 1, and \$150m of bank bills in hand 2, all at 13 1/2% per cent.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar up despite intervention

further confidence because at first there was no sign of any central bank intervention. By the time the various central banks had intervened, the dollar had risen by a sufficient amount to leave many investors with short positions that were becoming more expensive by the minute to maintain; the size of the move into dollars was sufficient to overcome the effects of the intervention.

ited effect unless the dollar is already starting to look overbought. This was not the case yesterday, and many traders expect the dollar's improvement to continue up to around the DM1.9700 level.

£ IN NEW YORK

Table with columns: Aug. 11, Last, Forward. Rows for 1 month, 3 months, 6 months, 12 months.

STERLING INDEX

Table with columns: Aug. 11, Last, Forward. Rows for 1 month, 3 months, 6 months, 12 months.

CURRENCY RATES

Table with columns: Aug. 11, Bank, Section, Currency, Forward. Rows for Australia, Canada, Hong Kong, etc.

CURRENCY MOVEMENTS

Table with columns: Aug. 11, Bank, Section, Currency, Change. Rows for Sterling, US Dollar, etc.

OTHER CURRENCIES

Table with columns: Aug. 11, Bank, Section, Currency, Forward. Rows for Argentina, Brazil, etc.

FORWARD RATES AGAINST STERLING

Table with columns: Spot, 1, 3, 6, 12 months. Rows for US Dollar, DM, etc.

MONEY MARKETS

UK rates firmer

LONGER TERM interest rates were higher in London yesterday, partly in response to a weaker pound, but also because there seems to be little chance of a cut in bank base rates at least until next year.

UK sterling bill issue leading rate

\$650m, later revised to \$700m and then \$750m, and gave help in morning of \$600m through outright purchases of 50m of local authority bills in hand 1, and \$150m of bank bills in hand 2, all at 13 1/2% per cent.

LIFFE LIAB. FUTURE OPTIONS

Table with columns: Strike, Call, Put, Settlement. Rows for 100, 125, 150, 175, 200.

LIFFE US TREASURY BOND FUTURES OPTIONS

Table with columns: Strike, Call, Put, Settlement. Rows for 100, 125, 150, 175, 200.

LIFFE BOND FUTURES OPTIONS

Table with columns: Strike, Call, Put, Settlement. Rows for 100, 125, 150, 175, 200.

LIFFE US OPTIONS

Table with columns: Strike, Call, Put, Settlement. Rows for 100, 125, 150, 175, 200.

LIFFE EUROSHARES OPTIONS

Table with columns: Strike, Call, Put, Settlement. Rows for 100, 125, 150, 175, 200.

LIFFE SPANISH BOND OPTIONS

Table with columns: Strike, Call, Put, Settlement. Rows for 100, 125, 150, 175, 200.

PHILADELPHIA SEASIDE OPTIONS

Table with columns: Strike, Call, Put, Settlement. Rows for 100, 125, 150, 175, 200.

PHILADELPHIA SEASIDE OPTIONS

Table with columns: Strike, Call, Put, Settlement. Rows for 100, 125, 150, 175, 200.

PHILADELPHIA SEASIDE OPTIONS

Table with columns: Strike, Call, Put, Settlement. Rows for 100, 125, 150, 175, 200.

3-MONTH LIBERATED £1

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

3-MONTH LIBERATED £1

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

3-MONTH LIBERATED £1

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

3-MONTH LIBERATED £1

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

3-MONTH LIBERATED £1

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

3-MONTH LIBERATED £1

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

3-MONTH LIBERATED £1

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

3-MONTH LIBERATED £1

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

3-MONTH LIBERATED £1

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

3-MONTH LIBERATED £1

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

3-MONTH LIBERATED £1

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

3-MONTH LIBERATED £1

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

3-MONTH LIBERATED £1

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

3-MONTH LIBERATED £1

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

3-MONTH LIBERATED £1

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

3-MONTH LIBERATED £1

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

3-MONTH LIBERATED £1

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

3-MONTH LIBERATED £1

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

3-MONTH LIBERATED £1

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

3-MONTH LIBERATED £1

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

3-MONTH LIBERATED £1

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

3-MONTH LIBERATED £1

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

3-MONTH LIBERATED £1

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

3-MONTH LIBERATED £1

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

3-MONTH LIBERATED £1

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

3-MONTH LIBERATED £1

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

3-MONTH LIBERATED £1

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

3-MONTH LIBERATED £1

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

3-MONTH LIBERATED £1

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

3-MONTH LIBERATED £1

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

3-MONTH LIBERATED £1

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

3-MONTH LIBERATED £1

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

3-MONTH LIBERATED £1

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

3-MONTH LIBERATED £1

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

3-MONTH LIBERATED £1

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

3-MONTH LIBERATED £1

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

3-MONTH LIBERATED £1

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

3-MONTH LIBERATED £1

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

3-MONTH LIBERATED £1

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

3-MONTH LIBERATED £1

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

3-MONTH LIBERATED £1

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

3-MONTH LIBERATED £1

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

3-MONTH LIBERATED £1

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

3-MONTH LIBERATED £1

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

3-MONTH LIBERATED £1

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

3-MONTH LIBERATED £1

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

3-MONTH LIBERATED £1

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

3-MONTH LIBERATED £1

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

3-MONTH LIBERATED £1

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

3-MONTH LIBERATED £1

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

3-MONTH LIBERATED £1

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

3-MONTH LIBERATED £1

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

3-MONTH LIBERATED £1

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

3-MONTH LIBERATED £1

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

FT GUIDE TO WORLD CURRENCIES Every Tuesday in the FT

EURO CURRENCY INTEREST RATES

Table with columns: Aug. 11, Short, 7 Day, 1 Month, 3 Months, 6 Months, 1 Year. Rows for US Dollar, DM, etc.

EXCHANGE CROSS RATES

Table with columns: Aug. 11, £, S, DM, Yen, FF, S.F., H.F., Lira, C.S., B.Fr. Rows for US Dollar, DM, etc.

FT LONDON INTERBANK FIXING

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

MONEY RATES

Table with columns: Aug. 11, Overnight, 7 Days, 1 Month, 3 Months, 6 Months, 1 Year. Rows for US Dollar, DM, etc.

LONDON MONEY RATES

Table with columns: Aug. 11, Overnight, 7 Days, 1 Month, 3 Months, 6 Months, 1 Year. Rows for US Dollar, DM, etc.

LONDON TRADING OPINION

WITH THE underlying equity market directionless, volumes on the London Trading Options Market were towards the lower end of this week's turnover on the last day of the stock exchange.

CALLS

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

PUTS

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

CALLS

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

PUTS

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

CALLS

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

PUTS

Table with columns: Bid, Offer, High, Low, Prev. Rows for 100, 125, 150, 175, 200.

WORLD STOCK MARKETS

NEW YORK (Cpm)

Table of New York stock market data including various company names and their prices.

NEW YORK (Cpm)

Table of New York stock market data including various company names and their prices.

NEW YORK (Cpm)

Table of New York stock market data including various company names and their prices.

NEW YORK (Cpm)

Table of New York stock market data including various company names and their prices.

INDICES

Table of stock market indices including DOW JONES, S&P 500, and other regional indices.

INDICES

Table of stock market indices including DOW JONES, S&P 500, and other regional indices.

INDICES

Table of stock market indices including DOW JONES, S&P 500, and other regional indices.

INDICES

Table of stock market indices including DOW JONES, S&P 500, and other regional indices.

NEW YORK ACTIVE STOCKS

Table of active stock transactions in New York.

NEW YORK ACTIVE STOCKS

Table of active stock transactions in New York.

NEW YORK ACTIVE STOCKS

Table of active stock transactions in New York.

NEW YORK ACTIVE STOCKS

Table of active stock transactions in New York.

Appl. in title

WORLD STOCK MARKETS

AMERICA

Dow surges to record level then falls away

Wall Street

AN UNEXPECTED fall in US producer prices in July sent the equity market soaring to record levels early yesterday but then profit-taking set in, writes Peter Bush in New York.

After a half an hour of the opening, the Dow Jones Industrial Average was quoted more than 16 points higher at a record level of 2,729.51 - compared with the all-time closing high set on August 25, 1987, of 2,722.42.

The profit-taking came in spite of very encouraging economic figures. The producer prices index fell 0.4 per cent in July and eased 0.3 per cent excluding the volatile food and energy components, suggesting a remarkable cooling in inflationary pressures since the first half of this year. Forecasts had looked for a flat PPI last month or a slight rise.

At the same time, US retail sales rose 0.9 per cent and there was a substantial upward revision in June retail sales. Yesterday's figures suggest that the consumer remains robust but that inflation is relatively subdued, the happiest combination that markets could hope for.

It was noted by some economists, however, that the larger-than-expected increase in retail sales was attributed in part to strong car sales in July. They rebounded after two months of weakness because of aggressive incentive programmes. Some economists said yesterday that the retail sales figures were not that strong.

The US Treasury bond market rose by a full point in reaction to the PPI figures but then fell back just as sharply. By mid-session, bond prices were quoted as much as 5/8 point lower.

Meanwhile, the dollar surged on foreign exchanges partly in reaction to overnight news that Japan's bilateral trade

surplus with the US had dropped sharply and partly on belief that the retail sales figure suggested considerable robustness in the US economy which would keep monetary policy on hold for the time being. Part of the dollar's strength was attributed to demand for dollar-denominated securities on the strength of confidence in a soft landing for the US economy.

The move early last week into cyclical and technology stocks from consumer non-cyclicals, which have led the market higher this year and significantly outperformed the Standard & Poor's 500 index, came to a halt yesterday.

International Business Machines dropped 1 1/4 to \$115, Motorola fell 3/4 to \$60 and Compaq Computer lost 1 1/4 to \$95.

Consumer stocks recovered yesterday after profit-taking early in the week. Philip Morris rose 3/4 to \$168 and Procter & Gamble gained 3/4 to \$126, continuing the stock's rally on Thursday. Some analysts noted that Philip Morris was benefiting from rumours that the company may be about to announce a stock buy-back programme.

Canada

INDUSTRIAL stocks pushed ahead while gold issues mainly retreated in hectic midday trade in Toronto. The composite index eased 6.2 to 4,013.4.

Australian bear claws its way to post-crash peaks

Chris Sherwell on the climb to a new trading range

AFTER 10 long months, Australia's stock market has finally awoken from its curious hibernation. Instead of meandering uncertainly nowhere, it has suddenly perked up and pranced purposefully to a post-crash peak.

In just six weeks, the widely-watched All Ordinaries index has climbed almost 200 points, from 1,501 at the beginning of July to a close yesterday of 1,695. At the same time trading volumes have expanded markedly.

"Exciting - but perverse," is how Mr Ian Weisman, head of research at BZW, describes it. "It's a paradox," says Mr Patrick O'Leary, chief strategist at ANZ McCaughan Dyson. "The economy sags at the moment, but the market is rallying."

Explaining what has happened is easier than predicting what will occur next. In those 10 months between September and July, the market moved more like a crab than a bear, with the index tracking sideways over a 150-point range between 1,410 and 1,560, except for a flurry higher in May.



IXL, the brewing-based conglomerate which is the second largest group, has seen its shares rise because of the special circumstances of a share offer, while BTR Nylex, the third largest, reported strong interim earnings this week.

In another qualification, Mr John Paterson, chief of research at brokers J.B. Ware, points out that the recent surge only means Australia is now keeping pace with its counterparts abroad. The All Ordinaries index is still more than 25 per cent below its pre-crash high of 2,305, while other markets have recovered most of their post-crash losses.

EUROPE

Speculation spreads to more French stocks

BOURSES had mixed fortunes yesterday, with Paris making a robust advance and Frankfurt continuing to consolidate, writes Our Markets Staff.

PARIS closed for a four-day weekend with a healthy gain, as Wall Street's powerful performance on Thursday and a spate of speculative stories kept activity going.

The OMF 50 index rose 2.05 to 512.60 from Thursday's close of 510.55, though it ended below its 51-day high.

Its gain on the week was only 0.5 per cent, with the broad market having failed to respond significantly to the excitement in the insurance sector which followed the Suez bid for Compagnie Industrielle and Victoire. The CAC 40 index rose 9.85 yesterday to 1,828.31.

Overall volume was estimated at just under FF2bn. The frenzy of activity died down a little in the insurance sector, although Suez itself rose FF12 to FF379 and Pechebrelon, a holding company with an insurance subsidiary, PFA, jumped FF60 to FF1,265.

Elsewhere, cheese producer Fromageries Bel surged FF124 to FF2,300 on talk of a takeover, friendly bid or restructur-

ing. Plastics maker Sommer-Allibert was up FF142 at FF2,820 after a bullish article about the company's low price earnings ratio and profits outlook. Valoumb, the steel pipe maker, climbed FF29 to FF242, with suggestions of a battle for control between two large shareholders, Tubacex of Spain and Dumex-GTM of France.

Among blue chips, Thomson CSF gained FF7.70 to FF201 in high turnover. It has been weak recently following a sell recommendation from a leading broker and concern over profits forecasts. But some investors expect its financial operations to benefit from falling interest rates.

FRANKFURT followed Thursday's pattern, opening firmly only to fall back on profit-taking. One analyst said it was a typical Friday, with shares closing mixed and an absence of news, although volume was still reasonable.

The DAX index eased 1.33 to 1,609.93 and the FAZ index slipped 1.18 to 683.04, for a gain over the week of 1.5 per cent.

Turnover was fairly active at DM5.7bn, in spite of wariness before and after the US producer price figures.

Massa in West Germany. ZURICH advanced in fairly high volume, although there were few features. The Credit Suisse index gained 5.2 to 671.2 - a sturdy 3.7 per cent rise on the week.

Brown Boveri, the engineering company, picked up SF145 to SF1,420. It attracted foreign interest after this week's results from Asea Brown Boveri, the jointly owned company which announced plans to take over the CCC group, a leading Spanish electrical concern.

MADRID ended little changed after a difficult session marked by worries that the July inflation figures would be bad. In addition, trading in three shares - Repsol, Telefonica and Dragados - had to be halted when dealers were unable to strike a price. Brokers said this was a result of the trading reforms, which had increased the number of traders, some of whom were uncertain of the new rules.

Banks and utilities were strong, with Endesa up 6.5 percentage points at 301.5 per cent of par. Oil group Repsol rose 22 to 501, but construction weakened. The general index eased 0.03 to 311.75 but was up 1 per cent on the week.

MILAN closed little changed in active turnover, inflated by the expiry of options. The Comit index inched 0.24 higher to 702.77 for a rise on the week of 0.8 per cent.

BRUSSELS was pushed to its third all-time high this week, before holidays on Monday and Tuesday. The cash market index edged up 7.39 to 6,235.43, a gain of 1.6 per cent since last Friday.

OSLO ended an uninspiring week mixed, with investors becoming increasingly cautious before next month's elections. The all-share index fell 0.83 to 427.73.

HELSINKI edged up, with interest focused on Wartsila, the industrial group, its shares soared after the news that it was relinquishing control of its Wartsila Marine shipbuilding subsidiary. Its series II free shares were the most traded free shares. They closed up FM46, or 3 per cent, at FM315.

STOCKHOLM saw its gains of recent days tempered by profit-taking. The Affarsvarlden general index eased 0.3 to 1,349.4.

Asea free B shares advanced SK5 to SK670 after news of the planned takeover of Spain's CCC by Asea Brown Boveri.

ASIA PACIFIC

Profit-taking erodes early gains

Tokyo

THE UPSURGE on Wall Street on Thursday night gave some cheer to the Tokyo market but investors were mostly distracted by the approaching midsummer holidays and share prices weakened in listless trading, writes Michiko Nakamoto in Tokyo.

Encouraged by the gains in New York, shares climbed in early trading, only to run into profit-taking by midday. After moving from a high of 34,831.70 to a low of 34,624.51, the Nikkei average closed down just 6.84 at 34,712.94, almost unchanged on the week.

Losses outnumbered gains by 53 to 393 while 138 issues were unchanged. Turnover slipped to about 500m shares from the 673m traded on Thursday. The broadly-based Topix index lost 1.93 to 2,638.20. In London, the ISE/Nikkei 50 index rose 1.43 to 2,111.42.

Once again the race to take profits was the guiding principle in Tokyo yesterday. This was particularly so as investors prefer to unwind their positions before the holiday season. The Obon holiday, during which Japan will pay its respects to the dead, has already started for many people.

At the same time there were no clear market incentives to trigger buying interest apart

from a few strong earnings estimates. Analysts continued to bemoan the lack of market-leading themes. The new Cabinet minister, Mr Toshiki Kaifu, has not been much of an inspiration and world events have not offered any new themes of substance to stir the market out of its summer drowsiness.

The drive to take profits kept interest centred on high-priced issues susceptible to quick movements, such as technology issues, which were also chosen for their good business estimates.

News reports that Toshiba, the all-round electrical machinery maker, was expected to boost pre-tax profits by 54 per cent to a record Y2bn for the current business year stimulated interest in the sector.

High-technology issues dominated the volumes list. Toshiba closed up Y20 to Y1,390 in the day's third most active trading of 18.5m shares. Sony continued to attract attention and advanced Y140 to Y3,840 in active trading; its biggest magnet is its rapid price movements, said one market participant.

Hitachi also added Y30 to Y1,700. It was the most actively traded issue with 30.5m shares. Fuji Film, another high-tech issue, advanced Y140 to Y1,410 in active trading, its biggest magnet is its rapid price movements, said one market participant.

Hitachi also added Y30 to Y1,700. It was the most actively traded issue with 30.5m shares. Fuji Film, another high-tech issue, advanced Y140 to Y1,410 in active trading, its biggest magnet is its rapid price movements, said one market participant.

active trading of 20.3m shares. Dalkyo, the largest condominium maker in Japan, posted a strong gain of 1250 to Y4,440 in active trading. It has a low price earnings ratio, and was recommended by a leading broker whose comments often send issues shooting up; it is also thought possible it will make a scrip issue.

Profit-taking undermined the Osaka market and the OSE average fell 12.95 to 34,840.56. Volume dropped to 69.9m shares from the 82.9m traded on Thursday. Nissin Foods, a strong riser on Thursday, lost Y120 to Y4,000.

15 per cent of its UK parent, BTR.

HONG KONG traded narrowly to end only slightly higher, with the Hang Seng index up 4.71 to 2,513.39, a gain on the week of 1.3 per cent. Cavendish International, part of the IJ Kashing group, was actively traded, gaining 25 cents to HK\$3.35 amid speculation that the company would be taken private at HK\$4.40 to HK\$4.60 a share.

SINGAPORE eased from its post-crash highs, with the Straits Times industrial index off 2.46 to 1,377.40 - a rise of 2 per cent this week. Turnover was an active 107m shares, down from 113m on Thursday.

Far East Shipbuilding, which plans a bond-cum-warrant issue, rose 12 cents to S\$3.82.

KUALA LUMPUR stocks reached a post-crash high, driven by positive corporate results and speculative activity. The KLSE composite index rose 4.27 to 472.43 and share turnover climbed to a record 64.07m.

TAIWAN fell heavily for a third day as jitters pulled the weighted index further down from the 10,000 level breached on Tuesday. It fell 888.23, or 3.6 per cent, to 24,545.45.

SEOUL fell back a little, but newly-listed Keppo, the state-owned utility, again rose by the maximum Woni,000 to W24,000.

SOUTH AFRICA

PROFIT-TAKING and a thin pre-weekend market dragged prices down in Johannesburg after a very firm week.

EXPERT ADVICE ON THE STOCK MARKET FREE FOR 4 WEEKS

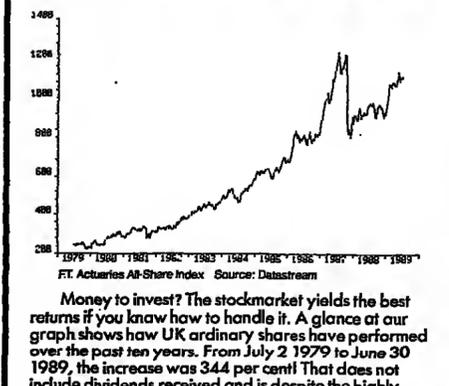
2 free guides

Essential reading with your trial subscription - 'Making the most of your IC Stockmarket Letter' shows you how to get the most out of the information we give you. The 'Pocket Guide to the Stockmarket' is a handy booklet explaining what you need to know in order to weigh up shares. And it includes a comprehensive glossary to help you cope with all that puzzling stockmarket jargon.

4 free issues

If you take advantage of this special offer you don't have to make a big commitment. See the way we think - test the recommendations we make. Decide if it's going to be for you. You receive the first 4 weeks' issues of IC Stockmarket Letter free when you use this coupon. After that the choice is yours.

The price of stockmarket investments can go down as well as up. Past performance is not a guide to future performance.



Money to invest? The stockmarket yields the best returns if you know how to handle it. A glance at our graph shows how UK ordinary shares have performed over the past ten years. From July 2 1979 to June 30 1989, the increase was 344 per cent! That does not include dividends received and is despite the highly publicised stockmarket collapse in October 1987.

Sound judgement determines success

Success on the stockmarket depends on sound judgement and intelligent appraisal, because you need to anticipate events, not just react to them.

IC Stockmarket Letter can give you the advice you need to help you make a success of your stockmarket investments. And if you complete and return the form below you can benefit from our advice free for 4 weeks. At the same time, as a subscriber to IC Stockmarket Letter, you also receive two introductory guides with our compliments to help you understand the stockmarket.

Just fill in and post the form at the bottom of the page.

Powerful connections and a wealth of experience

You can be sure that IC Stockmarket Letter will keep you informed.

As part of Financial Times Magazines and sister publication to Investors Chronicle, we have strong City connections and enormous research resources which other fipshets cannot hope to match. We have 40 years' experience of fluctuating markets behind us!

Each week we brief you on the significance to the stockmarket of economic, financial and political developments around the world. We advise you on shares to buy and to sell. We give you new recommendations each week, and update you regularly on previous ones. You can be sure our recommendations are the products of careful selection and assessment, backed by real knowledge and understanding.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY AUGUST 10 1989				WEDNESDAY AUGUST 9 1989				DOLLAR INDEX	
	US Index	Day's Change %	Point	Local Currency	US Index	Day's Change %	Point	Local Currency	1989 High	1989 Low
Australia (65)	147.91	+1.2	134.78	128.59	147.73	+0.9	134.78	128.59	157.12	128.28
Austria (19)	139.65	+0.8	127.26	137.15	139.65	+0.2	127.26	137.15	139.65	128.28
Belgium (24)	138.74	+0.6	124.60	133.70	138.74	+0.1	124.60	133.70	138.74	128.28
Canada (52)	153.59	+0.2	139.96	130.40	153.59	+0.4	139.96	130.40	153.59	119.03
Denmark (36)	198.02	+2.2	181.36	188.29	198.02	+2.6	181.36	188.29	198.02	126.85
Finland (25)	132.23	+0.4	118.78	124.49	132.23	+0.2	118.78	124.49	132.23	125.65
France (125)	150.82	+0.3	118.78	130.73	150.82	+0.2	118.78	130.73	150.82	125.65
West Germany (100)	99.02	+1.1	91.05	95.29	99.02	+0.8	91.05	95.29	99.02	105.86
Hong Kong (46)	108.29	+0.8	89.53	108.45	108.29	+0.8	89.53	108.45	108.29	72.94
Ireland (17)	168.58	+0.4	151.89	168.51	168.58	+0.0	151.89	168.51	168.58	125.86
Italy (97)	95.01	+0.0	95.59	95.61	95.01	+0.3	95.59	95.61	95.01	74.97
Japan (455)	190.86	-0.1	174.03	167.92	190.86	-0.2	174.03	167.92	190.86	163.26
Malaysia (36)	191.83	+1.1	174.80	198.33	191.83	+0.9	174.80	198.33	191.83	130.07
Mexico (13)	267.07	+0.1	235.08	243.31	267.07	+0.2	235.08	243.31	267.07	148.30
Netherlands (43)	129.54	+0.5	118.05	125.03	129.54	+1.0	118.05	125.03	129.54	101.80
New Zealand (20)	79.75	+1.3	72.88	79.94	79.75	+1.0	72.88	79.94	79.75	80.01
Norway (24)	179.26	+1.7	163.35	168.56	179.26	+1.2	163.35	168.56	179.26	116.64
Singapore (28)	170.28	+1.1	155.15	162.96	170.28	+1.1	155.15	162.96	170.28	130.04
South Africa (90)	164.81	+0.6	140.61	158.28	164.81	+0.3	140.61	158.28	164.81	115.52
Spain (43)	158.05	+0.5	144.03	141.77	158.05	+0.1	144.03	141.77	158.05	145.84
Sweden (35)	188.94	+1.5	172.17	180.20	188.94	+1.1	172.17	180.20	188.94	112.10
Switzerland (54)	93.63	-0.6	85.32	94.55	93.63	-0.9	85.32	94.55	93.63	76.32
United Kingdom (310)	157.43	+0.1	143.48	148.48	157.43	+0.1	143.48	148.48	157.43	130.60
USA (551)	141.72	+0.4	129.14	141.72	141.72	+0.4	129.14	141.72	141.72	107.22
Europe (1005)	131.85	+0.2	116.98	121.01	131.85	+0.3	116.98	121.01	131.85	103.05
Noritic (121)	171.52	+0.1	158.30	159.71	171.52	+0.4	158.30	159.71	171.52	108.68
Pacific Basin (670)	186.29	-0.2	168.78	164.21	186.29	-0.2	168.78	164.21	186.29	160.39
Euro-Pacific (1673)	164.54	+0.0	149.93	146.48	164.54	+0.2	149.93	146.48	164.54	137.44
North America (575)	142.33	+0.4	129.89	141.02	142.33	+0.4	129.89	141.02	142.33	115.57
Europe Ex. UK (589)	115.32	-0.3	105.08	110.28	115.32	-0.1	105.08	110.28	115.32	85.99
Pacific Ex. Japan (719)	132.19	+0.0	118.55	117.78	132.19	-0.7	118.55	117.78	132.19	125.55
World Ex. UK (1670)	184.12	+0.0	149.55	147.99	184.12	-0.2	149.55	147.99	184.12	139.59
World Ex. SA (2111)	154.81	+0.1	141.07	146.07	154.81	+0.0	141.07	146.07	154.81	125.27
World Ex. So. Af. (2367)	155.03	+0.1	141.27	145.95	155.03	+0.0	141.27	145.95	155.03	114.51
World Ex. Japan (1968)	135.07	+0.3	125.82	134.82	135.07	+0.1	125.82	134.82	135.07	106.93
The World Index (2421)	155.03	+0.1	141.27	145.80	155.03	+0.0	141.27	145.80	155.03	125.16

Copyright, The Financial Times Limited, Goldman, Sachs & Co., and County NatWest Securities Limited. 1989. Latest prices were unavailable for this edition.

YES, please enter my subscription to IC Stockmarket Letter at the UK rate of £80.

I understand that I will receive 55 issues; the first 4 are free. After receiving my 4 free issues of IC Stockmarket Letter I can cancel. Any payment I make now will be refunded in full. If I choose to have you bill me, then cancel. I will owe nothing.

I understand I will also receive your introductory guide to IC Stockmarket Letter and the Pocket Guide to the Stockmarket.

Please tick box

I enclose a cheque for £_____ payable to FT Business Information Ltd.

I wish to pay by credit card. Please debit my account.

Visa Access Amex Diners

Acc No. _____ Expiry date _____

Signature _____ Date _____

Please bill me

Mr/Mrs/Miss _____

Job Title _____

Company/Private Address _____

Postcode _____

Nature of Business _____

Please return to: FT Magazines, Subscription Department, 1st Floor, Central House, 27 Park Street, FREEPOST, Croydon CR9 9ER

IC Stockmarket Letter

FT Business Information Ltd. Reg. Office: Number One, Southwark Bridge, London SE1 1TA. Reg. No. 980965

LONDON STOCK EXCHANGE Dealings

Details of business done shown below taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Tallymen system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland.

† Bargains at special prices. ‡ Bargains done the previous day.

Corporation and County Stocks

No. of bargains included 9. Greater London Council 6% Deb 1982 - 288 1/2 %

UK Public Debt

No. of bargains included 1. Agricultural Mortgage Corp PLC 4 1/2% Deb 1989 - 255 1/2 %

Foreign Stocks, Bonds, etc.

No. of bargains included 11. Spain Govt 4 1/2% (Fixed Rate) - 442 (7A/89)

British Evening Post PLC 10 1/2% Mfg Deb 8 1/2% (7A/89)

British Airways PLCADR (10:1) - 333.235 British Airways PLCADR 10 1/2% Deb 8 1/2% (7A/89)

British-American Tobacco Co Ltd 5% Cum Div 8 1/2% (7A/89)

British Shipbuilders PLCADR (10:1) (Pay Pd) - 312.4

British Telecom PLCADR 10 1/2% Cum Div 8 1/2% (7A/89)

Butlers PLCADR (10:1) - 60 (7A/89)

Butterfly PLCADR (10:1) - 59 (7A/89)

Barclays Bank PLCADR (10:1) - 58 (7A/89)

Barclays Bank PLCADR (10:1) - 58 (7A/89)

Barclays Bank PLCADR (10:1) - 58 (7A/89)

Barclays Bank PLCADR (10:1) - 58 (7A/89)

Barclays Bank PLCADR (10:1) - 58 (7A/89)

Barclays Bank PLCADR (10:1) - 58 (7A/89)

Barclays Bank PLCADR (10:1) - 58 (7A/89)

Barclays Bank PLCADR (10:1) - 58 (7A/89)

Barclays Bank PLCADR (10:1) - 58 (7A/89)

Barclays Bank PLCADR (10:1) - 58 (7A/89)

Barclays Bank PLCADR (10:1) - 58 (7A/89)

Barclays Bank PLCADR (10:1) - 58 (7A/89)

Barclays Bank PLCADR (10:1) - 58 (7A/89)

Barclays Bank PLCADR (10:1) - 58 (7A/89)

Barclays Bank PLCADR (10:1) - 58 (7A/89)

Barclays Bank PLCADR (10:1) - 58 (7A/89)

Barclays Bank PLCADR (10:1) - 58 (7A/89)

Barclays Bank PLCADR (10:1) - 58 (7A/89)

Barclays Bank PLCADR (10:1) - 58 (7A/89)

Barclays Bank PLCADR (10:1) - 58 (7A/89)

Barclays Bank PLCADR (10:1) - 58 (7A/89)

Barclays Bank PLCADR (10:1) - 58 (7A/89)

Barclays Bank PLCADR (10:1) - 58 (7A/89)

Barclays Bank PLCADR (10:1) - 58 (7A/89)

Barclays Bank PLCADR (10:1) - 58 (7A/89)

Barclays Bank PLCADR (10:1) - 58 (7A/89)

Barclays Bank PLCADR (10:1) - 58 (7A/89)

Barclays Bank PLCADR (10:1) - 58 (7A/89)

Barclays Bank PLCADR (10:1) - 58 (7A/89)

Barclays Bank PLCADR (10:1) - 58 (7A/89)

Barclays Bank PLCADR (10:1) - 58 (7A/89)

Barclays Bank PLCADR (10:1) - 58 (7A/89)

Barclays Bank PLCADR (10:1) - 58 (7A/89)

Barclays Bank PLCADR (10:1) - 58 (7A/89)

Barclays Bank PLCADR (10:1) - 58 (7A/89)

Barclays Bank PLCADR (10:1) - 58 (7A/89)

Barclays Bank PLCADR (10:1) - 58 (7A/89)

Tea & Lyle PLCADR (10:1) - 58 (7A/89)

Tea & Lyle PLCADR (10:1) - 58 (7A/89)

Tea & Lyle PLCADR (10:1) - 58 (7A/89)

Tea & Lyle PLCADR (10:1) - 58 (7A/89)

Tea & Lyle PLCADR (10:1) - 58 (7A/89)

Tea & Lyle PLCADR (10:1) - 58 (7A/89)

Tea & Lyle PLCADR (10:1) - 58 (7A/89)

Tea & Lyle PLCADR (10:1) - 58 (7A/89)

Tea & Lyle PLCADR (10:1) - 58 (7A/89)

Tea & Lyle PLCADR (10:1) - 58 (7A/89)

Tea & Lyle PLCADR (10:1) - 58 (7A/89)

Tea & Lyle PLCADR (10:1) - 58 (7A/89)

Tea & Lyle PLCADR (10:1) - 58 (7A/89)

Tea & Lyle PLCADR (10:1) - 58 (7A/89)

Tea & Lyle PLCADR (10:1) - 58 (7A/89)

Tea & Lyle PLCADR (10:1) - 58 (7A/89)

Tea & Lyle PLCADR (10:1) - 58 (7A/89)

Tea & Lyle PLCADR (10:1) - 58 (7A/89)

Tea & Lyle PLCADR (10:1) - 58 (7A/89)

Tea & Lyle PLCADR (10:1) - 58 (7A/89)

Tea & Lyle PLCADR (10:1) - 58 (7A/89)

Tea & Lyle PLCADR (10:1) - 58 (7A/89)

Tea & Lyle PLCADR (10:1) - 58 (7A/89)

Tea & Lyle PLCADR (10:1) - 58 (7A/89)

Tea & Lyle PLCADR (10:1) - 58 (7A/89)

Tea & Lyle PLCADR (10:1) - 58 (7A/89)

Tea & Lyle PLCADR (10:1) - 58 (7A/89)

Tea & Lyle PLCADR (10:1) - 58 (7A/89)

Tea & Lyle PLCADR (10:1) - 58 (7A/89)

Tea & Lyle PLCADR (10:1) - 58 (7A/89)

Tea & Lyle PLCADR (10:1) - 58 (7A/89)

Tea & Lyle PLCADR (10:1) - 58 (7A/89)

Tea & Lyle PLCADR (10:1) - 58 (7A/89)

Tea & Lyle PLCADR (10:1) - 58 (7A/89)

Tea & Lyle PLCADR (10:1) - 58 (7A/89)

Tea & Lyle PLCADR (10:1) - 58 (7A/89)

Tea & Lyle PLCADR (10:1) - 58 (7A/89)

Tea & Lyle PLCADR (10:1) - 58 (7A/89)

Tea & Lyle PLCADR (10:1) - 58 (7A/89)

Tea & Lyle PLCADR (10:1) - 58 (7A/89)

Tea & Lyle PLCADR (10:1) - 58 (7A/89)

Tea & Lyle PLCADR (10:1) - 58 (7A/89)

Tea & Lyle PLCADR (10:1) - 58 (7A/89)

Tea & Lyle PLCADR (10:1) - 58 (7A/89)

USM Appendix

USM Appendix

USM Appendix

USM Appendix

USM Appendix

USM Appendix

USM Appendix

USM Appendix

USM Appendix

USM Appendix

USM Appendix

USM Appendix

USM Appendix

USM Appendix

USM Appendix

USM Appendix

USM Appendix

USM Appendix

USM Appendix

USM Appendix

USM Appendix

USM Appendix

USM Appendix

USM Appendix

USM Appendix

USM Appendix

USM Appendix

USM Appendix

USM Appendix

USM Appendix

USM Appendix

USM Appendix

USM Appendix

USM Appendix

USM Appendix

USM Appendix

USM Appendix

USM Appendix

USM Appendix

USM Appendix

USM Appendix

USM Appendix

USM Appendix

USM Appendix

Vertical text on the right edge of the page, likely a continuation of the USM Appendix or other financial data.

LONDON STOCK EXCHANGE

Equities firm after confusing session

THE UK stock market rounded off yesterday's session, which was beset by confusing and often conflicting pressures...

Account Dealing Rates
The FTSE 100 rose 0.2 points to 2,352.2, a net gain on the day of 6.9 points.

spate of takeover moves - or mooted takeover moves.
London tried to open higher yesterday morning in the wake of Wall Street's powerful performance overnight...

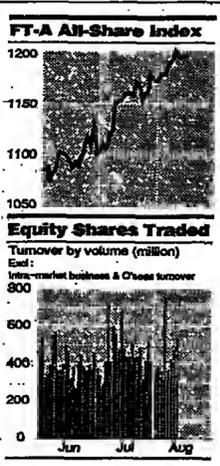
UK blue chips moved up as the latest US producer price and retail sales statistics appeared to confirm this favourable outlook.

By early afternoon, the fall on the Footsie had been translated into a gain of 7 points.
This gain was in turn lost as Wall Street struggled to retain its early advance...

Cinema move hits Cadbury

Cadbury Schweppes were sharply lower on speculation that US group General Cinema had tried to place its stake in the market at 380p...

Analysts had a hectic morning trying to uncover the implications of the filing for purchase of up to 15 per cent of the BTR equity by Kohlberg Kravis, Roberts (KKR)...



Wellcome firm another 13 to 52p on further consideration of last week's US data on the effectiveness of its anti-Aids drug Retrovir.
Oils were quiet at the end of a week which saw the publication of results from the majors.

Strategic Investments had increased its stake in the company to 20 per cent.
Fremann rose 21 to 295p - making a total of 35 on the week.

In the past the policy of the US group has always been to offer holders of the bonds cash, rather than the equity, which General Cinema preferred to retain.

The market believed a more probable outcome to yesterday's surprise development could be an agreement by BTR and KKR on joint break-up...

Shares in Hanson continued their seemingly inexorable rise, closing 3 higher at 241p on active turnover of 7.8m shares.

Foreign interest, particularly from the US, helped Jaguar gain a penny to 392p while Rolls-Royce, slightly firmer at 190 1/2p...

Blue Circle gave up early rises to finish unchanged at 271p in turnover of 1.8m as the company posted the formal offer document for Myson (232p)...

Most analysts believe that Boots will now be able to clinch victory. It is unlikely that Ward White will be able to find another route to freedom, either by organising some sort of management led break-up or recapitalisation.

The pre-tax profit of £445m was still at the top of expectations, and analysts fine-tuned their profit forecasts upwards.

Shares in Hanson continued their seemingly inexorable rise, closing 3 higher at 241p on active turnover of 7.8m shares.

Foreign interest, particularly from the US, helped Jaguar gain a penny to 392p while Rolls-Royce, slightly firmer at 190 1/2p...

Blue Circle gave up early rises to finish unchanged at 271p in turnover of 1.8m as the company posted the formal offer document for Myson (232p)...

Most analysts believe that Boots will now be able to clinch victory. It is unlikely that Ward White will be able to find another route to freedom, either by organising some sort of management led break-up or recapitalisation.

The pre-tax profit of £445m was still at the top of expectations, and analysts fine-tuned their profit forecasts upwards.

Shares in Hanson continued their seemingly inexorable rise, closing 3 higher at 241p on active turnover of 7.8m shares.

Foreign interest, particularly from the US, helped Jaguar gain a penny to 392p while Rolls-Royce, slightly firmer at 190 1/2p...

Blue Circle gave up early rises to finish unchanged at 271p in turnover of 1.8m as the company posted the formal offer document for Myson (232p)...

FINANCIAL TIMES STOCK INDICES

Table with columns for indices: Government Secs, Fixed Interest, Ordinary Share, Gold Mines, FT-SE 100 Share, Ord. Div. Yield, P/E Ratio, etc. Includes data for Aug 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1, and Year Ago.

TRADING VOLUME IN MAJOR STOCKS

Table showing trading volume for various stocks including ASDA, BT, BTR, Hanson, etc. Columns include Stock, Volume, Price, and % Change.

to the UK knocked 73 off the share price of Bechem which closed at 655p. It also hurt Cadbury which shed 11 to 563p.

WPP Group moved strongly ahead on the back of US buying. Ms Lorna Tibbani, analyst at Warburg Securities, argued that the stock should be worth at least a market rating of about 70p.

Speculative favourite, Medicare, quoted on the third market, was well sought after for the new Account. It added 8 at 171p.

LEADERS AND LAGGARDS

Table showing percentage changes since December 30 1988 based on Thursday August 10 1989. Lists various sectors like Agencies, Food Retailing, Conglomerates, etc.

BENCHMARK GOVERNMENT BONDS

Table showing benchmark government bonds for UK Gilts, US Treasury, Japan, Germany, France, Canada, Netherlands, and Australia. Columns include Coupon, Red Date, Price, Change, Yield, Week ago, Month ago.

APPOINTMENTS

Revenue investigations network
Mr Andrew Parker has been appointed a director of LCP Developments, and Mrs Margaret Hopkins becomes marketing director of LCP Properties.

NEW HIGHS AND LOWS FOR 1989

Table listing new highs and lows for various sectors like British Foods, Corporate, Financial and Property, etc.

RISES AND FALLS

Table showing rises and falls for various sectors like British Foods, Corporate, Financial and Property, etc.

COMMODITIES

underpinning influence. And expectations of Indian purchases did not appear to be severely dented yesterday when Mr Sukh Ram, the Food and Civil Supplies Minister, told the New Delhi Parliament...

WEEK IN THE MARKETS

Coffee sold down to fresh low

AFTER MARKING time for most of the week coffee futures prices sank to fresh 8-year lows yesterday under pressure from a new wave of Brazilian sales and expectations that heavy cut-priced offerings from Colombia and Mexico (respectively the second and fourth biggest suppliers to the world market) would soon be weighing on the market.

COMMODITIES

Coffee sold down to fresh low

underpinning influence. And expectations of Indian purchases did not appear to be severely dented yesterday when Mr Sukh Ram, the Food and Civil Supplies Minister, told the New Delhi Parliament...

COMMODITIES

Coffee sold down to fresh low

underpinning influence. And expectations of Indian purchases did not appear to be severely dented yesterday when Mr Sukh Ram, the Food and Civil Supplies Minister, told the New Delhi Parliament...

COMMODITIES

Coffee sold down to fresh low

underpinning influence. And expectations of Indian purchases did not appear to be severely dented yesterday when Mr Sukh Ram, the Food and Civil Supplies Minister, told the New Delhi Parliament...

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-825-2128

Handwritten note: "Lipino Lito"

Main table containing unit trust information with columns for Name, Price, Yield, and other financial metrics. Includes sub-sections for 'OTHER UK UNIT TRUSTS' and 'INSURANCES'.

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-923-2128

Main table containing unit trust information with columns for Name, Price, Yield, and other financial metrics. Includes sub-sections for 'OFFSHORE AND OVERSEAS', 'GUERNSEY (ISB RECOGNISED)', 'MANAGEMENT SERVICES', 'LUXEMBOURG (ISB RECOGNISED)', and 'JERSEY (ISB RECOGNISED)'.

John Little

FT UNIT TRUST INFORMATION SERVICE

Table of FT Unit Trust Information Service, listing various unit trusts such as EDC Trust Company, Worsley Investment Management, and others, with columns for Name, Price, and Yield.

LONDON SHARE SERVICE

Table of London Share Service, listing various funds and shares such as British Funds, Loans, Foreign Bonds & Rails, and American Shares, with columns for Name, Price, and Yield.

Handwritten note: "July 1989 data"

Money Market Trust Funds
Money Market Bank Accounts
UNIT TRUST NOTES
AAB-Allied Arab Bank Ltd

LONDON SHARE SERVICE

Latest Share Prices are available on FT Cityline. To obtain your free share Code Booklet ring the FT Cityline help desk on 01-625-2128

AMERICANS - Contd

Table listing American stocks with columns for High, Low, Stock, Price, and % change.

BUILDING, TIMBER, ROADS Contd

Table listing Building, Timber, and Roads stocks with columns for High, Low, Stock, Price, and % change.

DRAPERY AND STORES - Contd

Table listing Drapery and Stores stocks with columns for High, Low, Stock, Price, and % change.

ENGINEERING

Table listing Engineering stocks with columns for High, Low, Stock, Price, and % change.

INDUSTRIALS (Misc.) - Contd

Table listing Industrial (Miscellaneous) stocks with columns for High, Low, Stock, Price, and % change.

INDUSTRIALS (Misc.) - Contd

Table listing Industrial (Miscellaneous) stocks with columns for High, Low, Stock, Price, and % change.

CANADIANS

Table listing Canadian stocks with columns for High, Low, Stock, Price, and % change.

ELECTRICALS

Table listing Electricals stocks with columns for High, Low, Stock, Price, and % change.

FOOD, GROCERIES, ETC

Table listing Food, Groceries, and other stocks with columns for High, Low, Stock, Price, and % change.

INSURANCES

Table listing Insurance stocks with columns for High, Low, Stock, Price, and % change.

BEERS, WINES & SPIRITS

Table listing Beer, Wine, and Spirit stocks with columns for High, Low, Stock, Price, and % change.

INDUSTRIALS (Misc.) - Contd

Table listing Industrial (Miscellaneous) stocks with columns for High, Low, Stock, Price, and % change.

BANKS, HP & LEASING

Table listing Bank, HP, and Leasing stocks with columns for High, Low, Stock, Price, and % change.

CHEMICALS, PLASTICS

Table listing Chemical and Plastic stocks with columns for High, Low, Stock, Price, and % change.

DRAPERY AND STORES

Table listing Drapery and Stores stocks with columns for High, Low, Stock, Price, and % change.

HOTELS AND CATERERS

Table listing Hotel and Catering stocks with columns for High, Low, Stock, Price, and % change.

INDUSTRIALS (Misc.) - Contd

Table listing Industrial (Miscellaneous) stocks with columns for High, Low, Stock, Price, and % change.

INDUSTRIALS (Misc.) - Contd

Table listing Industrial (Miscellaneous) stocks with columns for High, Low, Stock, Price, and % change.

BUILDING, TIMBER, ROADS

Table listing Building, Timber, and Roads stocks with columns for High, Low, Stock, Price, and % change.

INDUSTRIALS (Misc.) - Contd

Table listing Industrial (Miscellaneous) stocks with columns for High, Low, Stock, Price, and % change.

INDUSTRIALS (Misc.) - Contd

Table listing Industrial (Miscellaneous) stocks with columns for High, Low, Stock, Price, and % change.

INDUSTRIALS (Misc.) - Contd

Table listing Industrial (Miscellaneous) stocks with columns for High, Low, Stock, Price, and % change.

INDUSTRIALS (Misc.) - Contd

Table listing Industrial (Miscellaneous) stocks with columns for High, Low, Stock, Price, and % change.

INDUSTRIALS (Misc.) - Contd

Table listing Industrial (Miscellaneous) stocks with columns for High, Low, Stock, Price, and % change.

Johnnie Lito

LONDON SHARE SERVICE

Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-925-2128

LEISURE

Table of share prices for Leisure sector including companies like British Airways, British Telecom, and others.

PAPER, PRINTING, ADVERTISING - Contd

Table of share prices for Paper, Printing, Advertising sector including companies like News International, Reed International, and others.

TEXTILES - Contd

Table of share prices for Textiles sector including companies like British Textiles, and others.

TRUSTS, FINANCE, LAND - Contd

Table of share prices for Trusts, Finance, Land sector including companies like British Land, and others.

OIL AND GAS - Contd

Table of share prices for Oil and Gas sector including companies like British Petroleum, and others.

MINES - Contd

Table of share prices for Mines sector including companies like Anglo American, and others.

MOTORS, AIRCRAFT TRADES

Table of share prices for Motors, Aircraft Trades sector including companies like British Airways, and others.

PROPERTY

Table of share prices for Property sector including companies like British Land, and others.

TOBACCO

Table of share prices for Tobacco sector including companies like British American Tobacco, and others.

TRANSPORT

Table of share prices for Transport sector including companies like British Airways, and others.

OVERSEAS TRADERS

Table of share prices for Overseas Traders sector including companies like Anglo American, and others.

THIRD MARKET

Table of share prices for Third Market sector including companies like Anglo American, and others.

COMMERCIAL VEHICLES

Table of share prices for Commercial Vehicles sector including companies like British Leyland, and others.

TRUSTS, FINANCE, LAND

Table of share prices for Trusts, Finance, Land sector including companies like British Land, and others.

TRUSTS, FINANCE, LAND

Table of share prices for Trusts, Finance, Land sector including companies like British Land, and others.

FINANCE, LAND, ETC

Table of share prices for Finance, Land, Etc sector including companies like British Land, and others.

MINES

Table of share prices for Mines sector including companies like Anglo American, and others.

MINES

Table of share prices for Mines sector including companies like Anglo American, and others.

NEWSPAPERS, PUBLISHERS

Table of share prices for Newspapers, Publishers sector including companies like News International, and others.

SHOES AND LEATHER

Table of share prices for Shoes and Leather sector including companies like British Leather, and others.

SOUTH AFRICANS

Table of share prices for South Africans sector including companies like Anglo American, and others.

OIL AND GAS

Table of share prices for Oil and Gas sector including companies like British Petroleum, and others.

FINANCE

Table of share prices for Finance sector including companies like Anglo American, and others.

REGIONAL & IRISH STOCKS

Table of share prices for Regional & Irish Stocks sector including companies like Anglo American, and others.

This service is available to every company dealt in on the Stock Exchange throughout the United Kingdom for a fee of £500 per annum for each security.

Standard Life
A development by Standard Life makes all the difference.

PROPERTYLINE
0800 83 33 83
Lifeline - straight through free.

for all your commercial property needs

FINANCIAL TIMES

Weekend August 12/August 13 1989

Royal Wrenley
THE FINEST ENGLISH FULL LEAD CRYSTAL

French air traffic strike threatens peak weekend

By David Churchill in London and George Graham in Paris

STRIKE action by French air traffic electricians threatens to delay thousands of British holidaymakers leaving for Mediterranean destinations today, at the start of one of the peak weekends of the holiday season.

The strike, which began on Thursday night, appeared to have little impact yesterday on the hundreds of charter flights leaving British airports. Airlines said that scheduled services were unaffected. But the industrial action, due to end on Wednesday morning, is likely to lead to a cumulative breakdown in air traffic control computer capacity.

London Gatwick, the UK's main charter holiday airport, expects to handle 180,000 travellers today and tomorrow and has plans to provide emergency accommodation and entertainment if holidaymakers are delayed.

The two trade unions calling the strike, which between them represent about 46 per cent of the airport electricians, claimed yesterday that the strike was 100 per cent effective in two air traffic control centres, Athis-Mons and Aix en Provence. The electricians are responsible for maintaining the air traffic control computers used to monitor aircraft in French airspace.

Thomson Holidays, the UK's largest tour operator, said the majority of its flights left on time yesterday and there were no delays caused by the French

dispute.

Redwing Holidays, the third largest tour company, 50 per cent owned by British Airways, said that out of 30 flights during the day yesterday there was only one delay caused by technical problems with an aircraft.

Mr Keith Webster, Redwing's marketing director, said: "It has been one of the best weekends of the summer so far for us in terms of having few flight delays."

The biggest problem yesterday was at Gatwick airport, London, when a BA Jumbo jet bound for the Caribbean was delayed for 96 hours as a result of technical failure. Another aircraft was flown from Heathrow to Gatwick to pick up the stranded passengers. Tour operators and airport administrators, however, were reluctant yesterday to hold out hope that there would be no more delays before the weekend is out.

The UK's Civil Aviation Authority said yesterday that "restrictions on the number of aircraft allowed to enter French airspace are expected to be slight at first, but are likely to build up during the weekend leading to delays."

CAA officials are working closely with the airlines and air traffic controllers throughout Europe to take advantage of all "slots" - the take-off and landing opportunities for aircraft - and are re-routing flights away from French airspace where possible.

Corporate judo from BTR

FT Index rose 3.2 to 1,968.8



BTR's response to the looming approach of KKR looks characteristic in its subtlety. There is no telling what KKR's intentions are, but its appearance on the share register is plainly unsolicited. Rather than pushing it away, Sir Owen Green appears to be using the judo technique and pulling instead. Since BTR is an acknowledged expert on industrial management and KKR on financing techniques, why not get together?

The approach starts from the reasonable assumption that, in its first venture in Europe, KKR aims neither at hostile takeover nor at passive investment. BTR is tightly run and has a loyal institutional following, so it is unlikely that the premium needed for control would be recoverable. Passive investment, on the other hand, would not produce the kind of return KKR's investors have come to expect.

Faced with this uncertainty, Sir Owen is evidently out to regain the initiative. In particular, KKR's arrival chimes in with general ideas on financial structure which BTR has been developing in a semi-public way for some time. Chief among these is the thesis that equity is old hat and that the risk characteristics of debt may have changed permanently for the better. In a world dominated by leverage and cash flow, the way to close the gap between stock market valuation and intrinsic worth might be to deploy a battery of new debt instruments on the shareholders' behalf.

Alternatively, BTR might seek KKR's help in spinning off equity in subsidiaries, on the BTR Nylax model, or the two might look for new acquisitions as joint venture partners, or whatever. On all of this, KKR is holding its counsel. But the 8 per cent jump in BTR's share price yesterday looks a sensible response by the market. From Monday, KKR will be free to purchase up to the limit, at a current price of almost £1.20; there is also the outside chance that it may take more hostile action later. Even if nothing comes of it, the market at least has the promise that Sir Owen is bending his fertile mind to the task of getting his share price up.

BAT involves local and relatively unfamiliar American issues and personalities. Hence the market's over-reaction to the predictable news about Hoylake's problems, first with state insurance commissioners and now with agitated legislators in Washington DC. Yesterday's 21p fall in BAT's share price was typical: the political flak is noteworthy, but it is hard to see what actual powers the US Congress has to intervene.

This is not to say that Hoylake does not have genuine regulatory problems in the US. It does; but they centre on a specific issue, the limits of states' rights to police insurance company acquisitions. The laws in question date only to the late 1960s and, until BAT bid for Farmers, had rarely been applied to hostile takeovers. It is scarcely surprising that understaffed insurance departments in small Western states dislike being bumped into precedent-setting action by foreign carpetbaggers, or that the London market finds the whole thing confusing.

Hoylake should adopt a more conciliatory attitude to the commissioners and in London, it should explain at much greater length the regulatory issues its bid has raised. Sir James Goldsmith's assertion that all state commissioners are under the control of the insurance industry just will not do.

GrandMet

Grand Metropolitan's contribution to the John Elliot fund for buying his own company is plainly a symbolic gesture, given the small sums involved. The problem lies in grasping the symbolism. After all, the Elliot bid for Elders is not designed to succeed, merely to strengthen Mr Elliot's grip on the company at minimum cost. GrandMet says the money betokens its commitment to the Fosters brand. But as brewer of 80 per cent of the Fosters produced in the UK, it is pretty heavily committed already.

Perhaps the gesture has more to do with wider developments on the brewing side. GrandMet insists that it has not finally decided to sell its Watneys brewing assets and that it has no particular leaning towards Mr Elliot as a purchaser. Nor is it clear whether the long-awaited flotation of Elders' brewing interests acrosses GrandMet's interest as a possible stakeholder. But something is plainly afoot; it comes as no surprise to students of Mr Elliot to find that the grotesquely tangled Harlin/Elders deal has its repercussions on the other side of the world.

Magnet buy-out in loan setback

By Norma Cohen and Philip Coggan

Ward White shares fall as plan for buy-out is abandoned Page 8

BANKERS TRUST, the US-based bank, yesterday withdrew its syndication of £832m in loans used to finance the management buy-out of Magnet Kitchen and bathroom retailer, blaming the reluctance by bankers to lend money to highly leveraged companies in the home products retailing business.

In a further setback for the UK leveraged buy-out business, which has contributed to much recent takeover activity, Ward White, the DIY and motor parts group which is facing a £900m bid from fellow retailer Boots, was forced to abandon attempts for a rival buy-out.

Leveraged buy-outs, which involve raising large amounts of debt to finance the purchase of businesses, depend on strong cash flow at the companies involved to meet the interest payments.

The Bank of England said it was stepping up its supervision

panies to service debt.

The Magnet buy-out was completed early last month. Bankers Trust said that Magnet had "performed well" in 1988, but stopped short of saying that the company was meeting the 15 per cent profit growth target necessary to cover its interest payments.

Bankers Trust has placed blame for syndication problems on the financial difficulties of companies in similar businesses. "The move was deemed prudent in the light of various circumstances affecting the financing market for loans to this particular sector of borrowers," it said.

The bank said it would try again to syndicate the loan when market sentiment improved.

Mr Philip Birch, Ward White's chairman, said that news of the problems of other leveraged deals had been a prime factor in the group's failure to arrange a deal. "Providers of that kind of money became increasingly concerned about their exposure to the (buy-out) industry," he said.

Economic conditions in the home retailing sector are forcing other companies, subjects of recent management buy-outs, to renegotiate their own bank loans. MFL, the kitchen and bedroom furniture retailer, has met only 82 per cent of its current year's sales target and is holding talks with its bankers. They have been given until early next week to respond to a company offer. The offer calls for an injection of about £30m in equity from investors.

Lowndes Queensway, the furniture and carpets retailer, is talking to its bankers about a detailed restructuring of its debts, which is expected to be announced this week. On Friday, the company's stock price fell sharply to 22½p from 29p.

Japan's new PM rejects calls for election

By Ian Rodger in Tokyo

LEADERS of Japan's ruling Liberal Democratic Party have made clear their intention to hold off calls for an election for as long as possible in the hope of rebuilding the party's shattered public support.

Mr Toshiki Kaifu, who became Prime Minister on Wednesday, said yesterday that he had no plans for a general election and was aiming to complete a schedule of radical reforms of the electoral and political systems.

Controls on political fund raising are weak in Japan, enabling corruption to become rampant.

Revelations of widespread corruption in the past year, including the Recruit bribes scandal, have contributed significantly to the public's recent disenchantment with the ruling party.

Mr Shin Kanemaru, one of the most powerful LDP leaders yesterday ruled out the possibility of a general election "within this year."

In a television programme, Mr Kanemaru said an election should not be called until after both the LDP and the opposition parties had presented their proposals for eliminating political corruption.

Other party leaders have been talking of holding an election next spring after the budget for the 1990 fiscal year has been passed.

However, it is widely believed that the LDP would hold an election sooner, perhaps in January, if there were signs that its popularity was recovering and its leaders thought it could hold on to its majority in the lower house.

A coalition of opposition parties, which won control of the upper house of the Diet (parliament) in last month's elections, has been demanding that the LDP dissolve the lower house - where it has a large majority - and hold a general election.

Mr Kaifu confirmed his desire to revise the unpopular 3 per cent consumption tax introduced in April at the next Diet session.

The tax was the main factor in the LDP's crushing defeat in elections for the upper house of the Diet.

Mr Kaifu said he had "no intention" of changing the rate of the tax but would favour clarifying that all its proceeds would be used for welfare spending and would consider reducing maternity medical costs and food for the tax.

He said he was "strongly determined" to enact legislation this autumn to limit fund raising by politicians and would study measures to prevent corruption among those in the public service similar to those in the UK.

British MPs are obliged to publicly register all their outside commercial interests.

He also wanted to work out a specific schedule for introducing a single seat constituency system by next autumn, when the Diet will celebrate its centennial.

The current multi-seat constituency system is seen as contributing to corruption.

Mr Kaifu angrily denied a Japanese news report that he had an illegitimate child, and said he had asked the newspaper in question to withdraw the "irresponsible and groundless" report and apologise.

The Japanese have suddenly become interested in stories about politicians' private lives. In June it was revealed that the then prime minister, Mr Sosuke Uno, had had an affair with a part-time geisha. It contributed to his downfall.

Meanwhile, leaders of the opposition coalition agreed to submit bills at the autumn session of the Diet to abolish the consumption tax.

Mr Tarō Nakayama, Japanese Foreign Minister, yesterday blamed the US for trade friction between the two countries, saying American companies did not try hard enough to penetrate the Japanese market, AP reports from Tokyo.

BAT shares fall amid political wrangling

By Peter Riddell in Washington and Nikki Tait in London

BAT questions rights of Anglo minorities Page 8

SHARES in BAT Industries, the tobacco-based conglomerate which is facing a £13.5bn bid from the Hoylake consortium headed by Sir James Goldsmith, fell 21p to 83p yesterday as the political and regulatory future over the offer continued.

In the US, The National Association of Insurance Commissioners said it would file "friend of the court" motions supporting state regulators who are defending themselves against Hoylake lawsuits.

On Thursday, officials from the association met representatives of the states embroiled in litigation. Hoylake has filed federal suits challenging the states' authority over the Los Angeles-based Farmers Group, BAT's US insurance subsidiary.

In Washington, the US State Department has told Britain of the chorus of Congressional complaints. On Thursday, more than 200 US senators and congressmen denounced the bid in a letter to Mr James Baker, US Secretary of State.

However, the Administration has not itself expressed a view on the takeover. Any intervention would be decided by the Securities and Exchange Commission and, at a state level, by insurance commissioners.

Sir James, meanwhile, attacked the congressmen for signing such a letter without any contact with Hoylake itself. He claimed again that the Hoylake bid would not endanger US jobs or the interests of Farmers' policyholders and said the SEC had been kept informed throughout.

On the insurance regulatory front, Sir James said the bidder's preferred route was to reach a settlement with the commissioners, rather than pursue the federal legal action challenging their right to intervene in the bid. With regard to the potential sale of the Farmers business, he added that there were "a number of interested parties".

There were also strong suggestions that the Hoylake camp may seek to push its claim that recent actions by BAT are effectively thwarting the bid. BAT denies this.

In Washington, a State Department official said yesterday that the congressmen's statement of concern was highly unusual in a foreign takeover battle, even though US assets were involved.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)		PARIS (FFrs)	
Riesse	303.9	+ 2.9	
BASF	995	+ 44	
Lammyer	850	+ 16	
Porsche	459	+ 6	
Verein-West	643.5	+ 10.5	
Falls	746.5	+ 5.5	
Mercedes	54	+ 1 1/4	
Schering	163 1/2	+ 1 1/2	
NEW YORK (\$)	125	+ 2 1/2	
Riesse	95 1/4	+ 1 1/4	
Gldn.West Fln	108	+ 2 1/2	
Philp Morris	115 1/2	+ 1 1/2	
Proctor Gamble			
Falls			
Compaq			
Hilton Hotels			
IBM			

New York prices at 12.30.

LONDON (Pence)

Riesse	536	+ 8
Allied-Lyons	528	+ 3
BOC	454	+ 35
BTR	168	+ 3
Dixons Grp.	235	+ 3
Freeman Grp.	1342	+ 34
ICI	568	+ 5
Redland	950	+ 22
Reuteurs	740	+ 12
Smith Nephew	780	+ 3 1/2
WPP Grp.	520	+ 3 1/2
Welcome	623	+ 13

WORLDWIDE WEATHER

City	Yrly mddy	Yrly mddy	City	Yrly mddy	Yrly mddy
Alaska	27	81	London	21	81
Algeria	37	99	Madrid	18	84
Amman	37	99	Moscow	10	77
Ankara	37	99	Osaka	22	85
Bahra	37	99	Paris	18	84
Bangkok	37	99	Rome	18	84
Batavia	37	99	Sao Paulo	22	85
Bombay	37	99	Seoul	18	84
Buenos Aires	37	99	Singapore	27	93
Calcutta	37	99	Sydney	22	85
Canton	37	99	Taipei	22	85
Cebu	37	99	Tokyo	22	85
Colon	37	99	Yokohama	22	85
Hankow	37	99			
Hong Kong	37	99			
Kobe	37	99			
London	21	81			
Lyons	21	81			
Manila	37	99			
Medan	37	99			
Osaka	22	85			
Paris	18	84			
Perth	37	99			
Rangoon	37	99			
San Francisco	37	99			
Singapore	27	93			
Sourabaya	37	99			
Taipei	22	85			
Tokyo	22	85			
Yokohama	22	85			

C-Cloudy, D-Drizzle, F-Fog, G-Gale, H-Hail, R-Rain, S-Snow, SI-Sleet, SH-Show, T-Thunder.

BTR Continued from Page 1

tion, although it does occasionally undertake "hothead" investments.

Buying shares in BTR would be KKR's first step into Europe, although it briefly considered entering the recent battle for Gateway, Britain's third largest food retailer.

The circumstances of KKR's filing with the Federal Trade Commission may raise questions about how friendly the relationship is between parties.

KKR made the filing in mid-July only after BTR - having noticed unusual share purchases - issued Section 212 notices under the UK Companies Act to discover beneficial ownership.

Moreover, the fact that BTR disclosed the filing when it was not necessary under UK or US law suggests it was trying to raise its share price before Monday, the first day KKR will be allowed to raise its stake above a token \$15m worth of shares.

Although disclosure would have been necessary at 5 per cent under UK takeover rules, KKR could have bought up to 9.9 per cent without making any US filing had it been willing to class itself as a passive investor. However, this would have restrained it from discussions with BTR.

Having made the decision to become an "active" investor, 15 per cent was the lowest threshold KKR could choose.

Opinion was sharply divided in London whether KKR would move swiftly to buy shares.

Mr Tim Harris, an analyst with stockbroker UBS Phillips & Drew, said he expected KKR to make a tender in the market to raise its holding to the full 15 per cent. "I think if they're serious, they'll consummate this in the near term," he said.

However, Mr Hayes of James Capel said: "I don't think they're going to do that at all. There's absolutely no commitment and perhaps not even any intention to buy shares."

BTR AT A GLANCE

Turnover (1988)	£5,477m
Pre-tax profits	£819.8m
Employees	98,620

Main operations include rubber products (Dunlop); construction (Ticon); industrial seats (Scheibel); motor components (Sewart-Warner); electrical distribution (Newey & Eyre); sports equipment (Slazenger); hosiery (Fretley Polky); 62 per cent of BTR Nylax.

action was seen as a warning to the markets that the world's monetary authorities do not wish to see a resurgence in the dollar's value, the US currency closed with gains of nearly 3 yen and more than 4 1/4 pence against the D-Mark in London, where the pound lost more than 4 cents.

Both the US price and retail sales figures were strongly influenced by events in the car market. Strong sales incentives, introduced a month earlier than usual, accounted for half the fall in finished goods prices, and analysts fear that the effect will be reversed this month, when car prices will not have dropped as much as usual.

In London, yesterday's rise in the FT-SE index rounded off a two-week equity trading account which has brought a gain of 48.2 points. Speculative excitement has played a significant role in the recent advance, but appeared to boil over towards the end of this week.

BAT Industries fell heavily on the disclosure of growing political opposition in the US to the Hoylake bid; however, BTR rose sharply on the plans by Kohlberg, Kravis, Roberts to buy a stake in the company.

Meanwhile, reports from the Bank of England and the Organisation for Economic Co-operation and Development warning on the outlook for domestic interest rates have re-focused investment interest on the domestic economy, where wage pressures are causing concern.

Several leading securities firms expressed caution ahead of next week's data on UK prices, retail sales, wages and money supply.

Dollar rise Continued from Page 1

excitement has played a significant role in the recent advance, but appeared to boil over towards the end of this week.

BAT Industries fell heavily on the disclosure of growing political opposition in the US to the Hoylake bid; however, BTR rose sharply on the plans by Kohlberg, Kravis, Roberts to buy a stake in the company.

Meanwhile, reports from the Bank of England and the Organisation for Economic Co-operation and Development warning on the outlook for domestic interest rates have re-focused investment interest on the domestic economy, where wage pressures are causing concern.

Several leading securities firms expressed caution ahead of next week's data on UK prices, retail sales, wages and money supply.

FOCUS ON THE U.S.

Fidelity - The American Experts

Maximising the investment potential the U.S. holds isn't an easy job. Indeed, successful investment in America requires not only a thorough knowledge of the market but also an in-depth understanding of it.

This is where Fidelity has a key advantage over other unit trust companies. We really know America. Through our U.S. counterpart Fidelity Management & Research Corporation (America's largest mutual fund company) we have access to the formidable research resources of over 100 analysts and portfolio managers who make over 10,000 company visits and contacts each year.

This first-hand research, teamed with our access to unrivalled technical expertise, enables us to identify and profit from investment opportunities unknown to most - which in turn reflects in the performance of our successful American range of unit trusts:

- Fidelity American Trust: our 'core' American growth trust.
- Fidelity American Special Situations Trust: aggressively managed portfolio of mainly second-line stocks.
- Fidelity American Equity Income Trust: our total return alternative which invests primarily in high-yielding equities.

If you are looking to the U.S., look at Fidelity - the American experts. Talk to your Independent Financial Adviser now, or Callfree Fidelity on 0800 414161.

Please remember that the value of units reflects the value of the underlying investments and may fluctuate and is not guaranteed.

Fidelity
MAKING MONEY MAKE MONEY

Fidelity Investment Services Limited. Member of FIMRO and LAUTRO. Member of the UTA.

BANGKOK 28°C 84°F Sunny

Fly Thai 01-499 9113

Weekend FT

SECTION II

Weekend August 12/August 13, 1989

YOU ARE peering into a drum of horrible brown sludge, one drop of which could kill your whole family and the neighbourhood's Rottweiler. It is called toxic waste and we are all responsible for its creation because we take the medicines, wear the dyed clothes and consume the various chemicals of which it is a by-product. But what should be done with the thousands of drums produced every day?

No body can agree on the best plan because somebody has to live with the stuff in their backyard. A hint of an answer might lie somewhere in this story of four honest people - Hugh Donaldson, a chemical-maker; businessman Jeremy Sayers; unemployed marine engineer Harry Williamson and his wife, Dorothy - who have found their lives intertwined inextricably by toxic waste.

Hugh, a 47-year-old Scotsman, is a director of an ICI division that makes colourful dyes, pesticides, medicines and many things we find essential. He also produces a lot of waste products that are highly toxic and he is responsible for getting rid of them. That is how he knows Jeremy, a 50-year-old former chartered accountant who runs Ocean Environmental Management, a company that intends to make a good profit from Hugh's problem. Jeremy wants to build a £20m high-temperature toxic waste incinerator on Seal Sands in the Tees estuary, within sniffing distance of Harry and Dorothy's corner house (garden on three sides) in Hartlepool, Cleveland. Their story is similar to tales unfolding around the globe as people grapple with the task of destroying the complex poisons that result from a better life.

Toxic waste is a major international problem. One of the most effective treatments is to burn it at around 1,200 degrees C, at which point the chemical compounds break down into their constituent (in theory) non-toxic parts. Special incinerators, which look like high-tech chemical factories with exposed pipes and chimneys, are built at great expense to do the job. The incinerators have to be run super-efficiently; otherwise, the toxics survive the ovens, escape into the atmosphere and end up in the lungs of people like Dorothy, Harry, and their 11-year-old daughter, Kate.

Industry says it needs the incinerators because controlled burning is the safest way to deal with such waste. But environmentalists argue that industry should make greater efforts to cut waste by spending more money on research into better ways to recycle, reclaim and eradicate unwanted by-products. Meanwhile, people like Dorothy and Harry are terrified about the possible health effects. They hear ghastly stories about health problems from people who live near incinerators, such as those in the Port and Fremont areas of the UK and Wiesbaden in West Germany. They are worried that even if the incinerator works to the specifications promised, there could be a tragic accident and they will be smothered by a toxic cloud.

The horror stories are, of course, hearsay. There is no irrefutable scientific evidence that incinerators are bad for people living nearby. Local doctors might report increased bronchial problems and farmers might complain about deformed calves. But no white-coated scientist has been able to prove cause and effect. In fact, the House of Commons Environment Committee, which earlier this year lambasted the UK government and industry on its handling of wastes, thinks incinerators that use the latest technology are a good thing.

But doubts still persist in the minds of those most likely to be affected by what



Waste: the burning question

Is incineration really the best way to destroy industrial poisons? Peter Knight investigates

comes out of incinerator chimneys. The people of Cleveland, backed by local doctors and scientists from its large chemical industry, convinced their councillors that Jeremy's incinerator was a bad thing. His planning application was rejected last month, mainly on health grounds. But he is appealing to the Environment Secretary and everyone, including Harry and Dorothy, expect him to get his way.

For outsiders like Jeremy, it is quite difficult to see why Harry and Dorothy are so bothered. After all, the couple have lived all their lives in an area that has an enormous steel works, probably the highest concentration of chemical factories in Europe, and a nuclear power station. All sorts of chemicals are made on their doorstep and the river Tees is, effectively, dead from pollution. The people of Middlesbrough, Billingham, Redcar, Hartlepool and nearby towns in the county of Cleveland have the worst early-death rate in the UK and one of the worst health records. Could this, they often ask, have something to do with unseen substances emitted from the hundreds of huffing and puffing factories?

So, what difference will one more chimney, built by Jeremy, make? "It's always just one more, one more, one more, and that is why we're in the mess we are today," says Harry. "Once you've got an incinerator, there seems to be no control over it." Harry worked most of his life fitting engines into ships. His company closed in 1981 and he has been unemployed since then. Dorothy works a few days a week part-time and they somehow manage to live a decent life with Kate, the

last of their three children still at home, on about £50 a week unemployment benefit. "We feel a bit of an effort has been made to clean up Cleveland," Harry says. "I can look across the chemical works and actually see the Cleveland hills through the towers. I couldn't do that a few years ago. This incinerator would be a retrogressive step."

Dorothy, meanwhile, is worried about health and filth. "We live on a main road so we have all these lead emissions. I also have acid rain on my windows and filthy window sills from the pollution. To keep my windows and paintwork to a decent standard, I have to clean them three or four times a week. Cleveland never seems to attract any decent firms; they are all filthy and hazardous."

Their growing concern for their environment, and the immediate threat of a toxic waste incinerator nearby, led Tory-voting Harry and Dorothy to do the unprecedented: join a protest group called Stinc which includes, among others, the Green Party, Greenpeace and Friends of the Earth. Since Jeremy applied for planning permission in October last year, Dorothy and Harry have been helping their fellow Stinc members organise protests, petitions and information to fight him. They have learnt about the problems of fine emissions, unburnt particles, heavy metals, dioxins, PCBs and mysterious activities in the secondary burning chamber that, allegedly, can produce more dioxins. Their

experience with the efficiency of local industry has left them sceptical of Jeremy's promises.

Harry says: "There's a firm on Seal Sands which has the best gas-scrubbing equipment and technology money can buy but they still emit titanium pigment which you can see because it's white. I can't see how Ocean, with the best will in the world, can stop stack emissions." Dorothy adds: "There's always someone at the top of a dirty firm who lives somewhere else. And their attitude is just dump the muck on the silly northerners who are only too willing to accept the work."

Jeremy Sayers lives with his wife and 15-year-old daughter in middle-class Fulham west London. He understands that Cleveland locals feel strongly but says they should forget hearsay and listen to the facts. "It's a relatively easy job to knock something, especially if you relate it to circumstantial evidence and suggestions of connections with health problems in other parts of the world," he says. "The fear is based on suggestions that incinerators of a lower technology are not safe. But we are talking about an incinerator which is the highest and very best technology."

Tall and well-spoken, Jeremy looks like someone who could be issuing junk bonds in the City, not working in the unglamorous world of waste. He is aware of his responsibility to society to run a good, efficient operation but also sees a yawning gap in the fast-growing market for waste management. And he admits he is in the business primarily to make money. He

spent most of his 20 years with Ocean managing its freight-forwarding business, but now he's going to make a lot of brass from some really horrible muck.

"It certainly should be very profitable because of the extremely high capital costs involved and the cost of building the security features," he says. "It should have a higher return than a simple, non-controversial project. The market is unlikely to be over-supplied [with incinerators] because there are not many people around who are going to have the drive, foresight and finance to put up a plan of this sort and be able to deal with problem waste for the next 15-20 years." Jeremy will charge from about £150 to £300 a ton to incinerate waste, depending on type and toxicity. Once the incinerator is working to full capacity, he plans to pump through 30,000 tons of the stuff each year.

"Our argument - that our plant would not add significantly, in any way at all, to reducing the quality of the air or water - has really gone unheeded despite being backed up by many experts," he claims. "I feel very strongly about the need to have a better environment. I am an environmentalist. I really am. I have a deep belief in it. One only has to look around the streets of London and see the filthy way in which we live today - and I include the disposal of industrial waste by means not necessary guaranteed for long-term safety. Our investment in high-tech means to solve the toxic waste problem is fundamentally important. I'm committed to the cause."

Is he committed enough to live next to an incinerator? "I find it impossible to

answer that question because it's so hypothetical. I can say this. Everybody has to share in some environmental impairment. After all, Fulham is under the flight-path of Heathrow and at six every morning I get woken by jumbo jets full of tourists. But, on the other hand, the tourists are good for the economy. That's my contribution, if you like.

"If you don't destroy toxic waste, what are you going to do with it? It's not going to go away. Industry is going to go on creating waste. Even though we support reduction and recycling, waste will still be produced and the alternative to destroying it once and for all is to put it in the ground. And I would be concerned that my daughter and her children would one day suffer the appalling consequences of something happening on a broad scale where toxic chemicals got into water and polluted the environment."

Hugh Donaldson agrees. He is married with three children and is responsible directly for a lot of ICI's waste chemicals. "I don't think dumping waste on land, unless it's bio-degradable, is a realistic option because it's just building up problems for your kids. High-temperature incineration is one of the systems that we are going to have to use into the foreseeable future. We can't see a way of beating it."

Hugh used to be a marine engineer on Clydeside before he joined ICI 25 years ago. He took a masters degree in chemical engineering, started in explosives and is now the operational director of ICI PCMO which employs about 4,500 people in its plants making mainly agro-chemicals, dyestuffs and pharmaceuticals in the UK, France and Spain. He can't say exactly how much waste he makes but there is more than enough to give Jeremy the sort of profits for which he is looking.

Hugh feels "pretty comfortable" with good-quality incineration and supports Jeremy's plans because they will save ICI the cost and danger of transporting the waste from its factories near Cleveland to incinerators further away. "Every chemical plant, every tanker, that goes around the countryside is a balance of risks. I would not sign a contract with any of the incinerator people unless we can get auditing facilities which say the unit is being run and managed well and the people are competent. If I can assure myself of that, then I think I'll sleep easy."

In response to growing public pressure, the chemical industry is trying to cut the amount of waste it produces. But it is a highly competitive business, with demanding shareholders, and the cuts are being made within economic and technical limits. Hugh says: "If somebody said that I'd got a billion pounds to spend on waste reduction, so get going, I don't think I could spend it all tomorrow because there is a technical time lag and a delay to investigate the best way of doing things. Doing it correctly is going to require both time and money."

"Would I like an incinerator in my backyard? No more than anyone else. But I think I have to say that I will. I live near our Huddersfield works and there is a risk of things going wrong in every chemical plant. I don't think I'll say to my children: 'Let us up stakes and leave and live in some far-off green place.' We still need our drugs, we still need our pesticides, we still need our crops. You have to look at the overall balance."

As rational people, Harry and Dorothy would be the first to agree about balance. But they feel that perhaps the political and financial clout of Jeremy and Hugh make them just a little too heavy for the scales.

The Long View

Industry's tales of the unexpected

COMPANIES are a bit like people, they tend to borrow heavily either when they are rich and brimful of confidence, or when they are under pressure and desperate to make ends meet. Trouble starts when they discover they have moved in an unplanned way from one circumstance to the other. At the moment, quite a lot of property companies are not sure which category they are in, although one or two London Docklands residential developers are finding out.

It is when the banks are becoming difficult - or, at any rate, expensive - that it becomes most useful for companies to be able to turn to their shareholders for new capital. Oddly, British companies have almost stopped doing that, even though the investment institutions are overflowing with cash.

And as the Bank of England pointed out this week, the UK's corporate sector as a whole is heading for a second successive year of financial deficit. That is a most unusual situation. Previous deficit years in 1974 and 1979 were followed by violent correction measures and economic recession as industry struggled to restore its financial stability. But the latest official statistics show that after a financial deficit of £2.7bn in 1988, industrial and commercial companies incurred a further seasonally-adjusted deficit of £2.6bn in just the first quarter of 1989.

Companies have been taking over from private house-buyers

and consumers in leading the borrowing binge. In the third quarter of last year, at the peak of the spending spree, personal sector borrowing of £17.6bn compared with £15.4bn by companies. In January-March 1989, by contrast, corporate borrowing had been stepped up to £16.6bn while personal borrowing had cooled down to £11bn.

This is not very comfortable for the Bank of England, which is fretting about the excessive growth of the broader monetary aggregates. But the companies themselves do not appear to be worried, in so far as the money is being borrowed to meet planned spending requirements. Aggregate dividends jumped by 48 per cent last year, and by an amazing 61 per cent year-on-year in the first quarter of 1989. Fixed investment has been rising by some 14 per cent.

These items are under the discretionary control of management. So is corporate deal-making, which has been the other major reason for the increase in borrowing. The company sector as a whole spent £7.4bn more last year on buying UK equities than it raised by selling new shares to investors.

Where things can get out of hand is through the growth of unexpected burdens. It sales slump suddenly, stocks and work in progress will begin to pile up. A sharp rise in interest rates can also hurt individual companies. (Although large companies as a whole gain



Barry Riley

After a long period of rebuilding its prosperity, corporate Britain might now again have become softer and more accident-prone

more or less as much as they lose from rises in short-term interest rates. Abrupt jumps in commodity prices or pay rates can also throw cash-flow calculations into confusion. Apart from one or two hard-

hit sectors, like residential property, we don't yet face crises of these kinds. The debate still drags on about hard landings and soft landings but, so far, the UK economy has yet to complete its approach to the runway. Meanwhile, in various quite important ways, the company sector has changed its behaviour pattern. Clearly, it has improved radically in confidence since it was demoralised by the last major recession in 1981. To begin with, profitability has increased greatly. According to the Bank of England, the real pre-tax rate of return on capital employed has reached 11 per cent, the highest since the 1960s. For comparison, this return was only 3 per cent at the trough in 1981.

Second, finance directors appear to have decided that the low level of financial gearing they pursued during the early 1980s is no longer appropriate. According to UBS Phillips & Drew, net gearing for listed companies was 26 per cent at the end of the 1970s but had fallen to 17 per cent by 1987, since when it has begun to rise again.

Many companies were happy to normalise their equity to the inflated prices which ruled ahead of the 1987 crash, but their attitude changed abruptly at the lower market levels ruling in 1988 when British companies were furious at the pessimism of the UK stock market. You could argue also that the very generosity of

companies in stepping-up dividends (an overall rise, per share, of more than 50 per cent in the past three-year period) has increased the cash-flow cost of servicing new equity. There would not be a lot of sense in making rights issues in order to finance dividends (which is not to say it hasn't happened).

Finally, the increasing activity of international debt-backed corporate predators, with scope to attack the biggest of targets, has made companies wary of troubling their shareholders.

How would a squeeze change behaviour? There is no reason to be concerned generally about corporate health in the UK. Yet, the climate has been relatively easy for six or seven years now. That is time enough for bad habits to develop. Profitability is historically high, and is vulnerable. Some companies have also raised sharply the financial risks which they are bearing - notably, through leveraged buy-outs. But the stock market has almost stopped worrying.

It all depends on whether Chancellor Nigel Lawson really will steel himself to put pressure on the corporate sector as it prepares to indulge in a highly inflationary pay round.

So far, companies have brushed aside the rises in short-term interest rates and have carried on much as before. Lawson might prefer to see a few prominent corporate casualties, rather than suffer the collapse of his anti-inflationary strategy.

CONTENTS

Finance: BAT and the small investor	III	Travel: Collisions on the Silk Road	X	Arts	XIV-XV	Finance & the Treaty	II-V	Sport	XVI
Business: Irish entrepreneurs	VI	Arts: Edinburgh Festival preview	XIV	Books	XI	Gardening	XIII	Stock Markets	II
Property: Sporting estates	VIII	Sports: Racing and soccer	XVI	How To Spend It	VII	Shortcuts	VII	London	II
				Greenwood	XVI	Property	VIII	New York	III
				Diversions	XII	Small Businesses	VI	TV and Radio	XVII
								Travel	X



BROWN SHIPLEY

REGULAR SAVINGS SCHEME

OUR

3% BONUS

REMAINS

BROWN SHIPLEY'S Regular Savings Scheme continues to offer a **3% Bonus** on all payments.

BROWN SHIPLEY'S Regular Savings Scheme has the potential to level out the highs and lows of market movements. When prices are low your monthly investment will enable you to buy more units, so that when the market rises your holding will be more valuable.

For a minimum investment of **£20 per month**, the administration and management will be handled by experienced Brown Shipley Unit Trust Managers.

The Scheme offers automatic re-investment plus a 3% bonus added to all payments.

For further information please contact: Julia Eynon, Brown Shipley Unit Trust Managers Ltd., Founders Court, Lothbury, London EC2R 7HE. Telephone: 01-606 9833.

BROWN SHIPLEY Unit Trust Managers Ltd
A Member of IMRO A Member of LAUTRO

Name _____ Tel: _____

Address _____

Postcode _____ FT 128

MARKETS

LONDON

Rain dampens rally as LBOs catch a chill

LONDON HAD its first downpour for several weeks on Thursday and after the long, hot summer of stock market optimism, there are signs that investor enthusiasm is about to be dampened.

Takeover speculation has fuelled recent bullish sentiment and most of the rumours have concerned blue chip stocks. Accordingly the FT-30 Ordinary Share Index has led the other indices, reaching an all-time high of 1967 on Monday, and moving on to set a further peak of 1,972 on Wednesday night.

Yesterday, the takeover surge was given a new lease of life by the announcement that Kohlberg Kravis Roberts, the US buyout specialists, had made a filing with the US authorities in order that it could be allowed to buy 45 per cent of BTR, one of the UK's largest conglomerates.

The news caused BTR shares to rise by over 8 per cent yesterday, although there were indications that the stake would be friendly.

Elsewhere, however, there were signs that some of the speculative froth might be about to disappear from the market. The longer the Hoylake bid for BAT Industries continues, the more the regulatory obstacles appear to mount.

Already Hoylake faces a fierce battle from the state insurance commissioners over the fate of Farmers, the US insurance company which BAT acquired, after a long struggle, last year. This week more than 300 US Congressmen denounced the bid in a two-page letter to the Secretary of State, James Baker. Some of the congressmen have asked the Securities and Exchange Commission to assert its jurisdiction over the bid.

The Hoylake camp has yet to produce a cash alternative to its mixture of debt and equity.

Since any cash offer would involve underwriting costs, there would be little incentive for Sir James Goldsmith to produce cash if he felt that regulatory obstacles might block the offer.

However, it seems likely that the Hoylake camp must have anticipated most of these regulatory difficulties - and Sir James may yet spring free of the complications. The Hoylake camp is not short of high-powered financial and legal advice.

The leveraged buy-out bandwagon may yet roll through BAT but it has come to a nasty halt at Ward White. Last week when Boots increased its offer to 445p per share, Ward White announced that it was examining "alternative proposals".

It quickly became apparent that these proposals revolved round a leveraged buyout of some kind, with Charterhouse Bank one of the financial institutions involved and Shearson

Lehman believed to be another.

Yesterday, however, Ward White was forced to announce that "detailed and extensive discussions with a number of parties have established that in the current state of the debt markets it is not possible to create leveraged proposals".

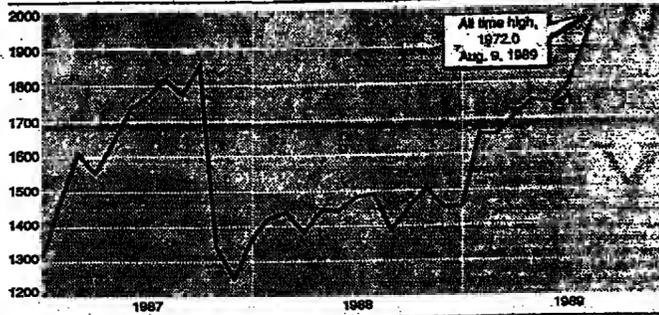
There will be no alternative offer to the Boots bid and Ward White's share price fell far and fast yesterday for Boots substantially to increase its stake.

This may prove to be a turning point. In the last few months, it has seemed that almost any company could become an LBO target, with banks eager and willing to provide the necessary finance.

To outsiders, the puzzle has been that this enthusiasm for debt financing has appeared at a time when not only are interest rates very high but also when most forecasters are expecting a slowdown in both economic and corporate earnings growth.

Obviously, in Ward White's case, the sums do not add up. And problems are appearing at some of the other recent buyouts. MFI is talking to its bankers about raising further money after a sharp drop in its furniture sales. Corollor abandoned the management buyout of its carpet subsidiary, and yesterday Bankers Trust dropped the syndication of the

FT Ordinary Share Index



FINANCE & THE FAMILY: THIS WEEK

BAT: the full assault is still to come

Nikki Teit assesses the state of play in the BAT bid while David Waller looks at the moves behind Hoylake's offer. Page III

Is there life after retirement?

Many employees may look forward to retirement, but the act itself can be surprisingly traumatic. With early retirement becoming increasingly popular, Sara Webb looks at how companies could - and should - help prepare staff for their final holiday. Plus Eric Short on how pensioners are losing out as inflation eats into their company schemes. Page V

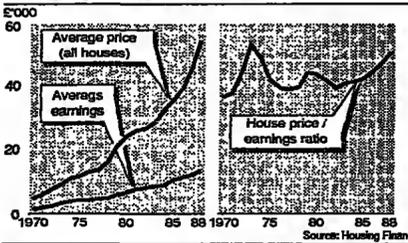


Minding your own business

Kieran Cooke tracks down three entrepreneurs in Ireland who have managed to combine three successful small businesses with an enviable lifestyle. Page VI

BRIEFCASE: Taxing time for a wife: Page V

House prices and earnings



House market 'slow until 1990'

Home-owners cannot expect to see any sign of a significant pick-up in housing market activity and prices before the end of 1990 at the earliest, according to the latest report from Housing Finance, the Building Societies Association magazine.

Meanwhile, the Woolwich Building Society reports that house vendors in the south east of England are being forced to reduce their asking price by 15 to 20 per cent in order to attract buyers in a slow market.

However, house prices in the north of England are still rising, although more slowly than at the start of the year, according to the latest survey from Northern Flood Building Society. House prices in the north rose by 11 per cent on average in the first quarter of the year and by 9 per cent in the second quarter, the report says. While the boom in executive properties has slowed down, properties at the lower end of the scale suitable for first-time buyers have shown the largest increases. Sara Webb

Replacement Abbey shares sent

Lloyds Bank Registrar is sending out 365,000 replacement share certificates this weekend to the Abbey National members who never received their original shares when the building society was floated more than a month ago. Lloyds has already posted 11,000 out of the estimated 31,000 refund cheques due to members.

More than 500,000 certificates and refund cheques which should have been posted to members went missing, and Lloyds came in for some strong criticism for choosing an unrecognised mailing house called Business Mailing Services to handle the distribution of share certificates last month.

Following a tip-off claiming that Abbey National shares were burned at Business Mailing Services' premises, police were called in to investigate fires in two skips there on July 28, and they questioned the owner. The mailing company had been assigned about 20 per cent of the certificates to distribute. SW

Retail sales fall in June

Retail sales showed a sharp drop in June while consumer credit rose by the smallest amount since November 1988, according to figures from the Central Statistical Office released this week. The figures appear to indicate that the Government's policy of keeping interest rates high in order to combat inflation is helping to dampen consumer spending. SW

Midland plans share shops

Midland Bank is planning to open 12 share shops in its branches by the end of the year. These will offer a share-dealing service for Midland customers as well as for the public, end provide up-to-the-minute share price information. Midland opened its first share shop in Birmingham last May, and the next two will be opened in Lincoln and Welwyn Garden City on August 14. SW

Credit with a conscience

Affinity cards are the latest thing in plastic for spenders with a conscience: several banks and building societies now offer credit cards which make a donation to the charity or arts organisation of the holder's choice each time he or she uses the card.

Globen's Visa affinity card was launched a year ago and has already raised £100,000 for Oxfam. As with other affinity cards, Globenbank pays 5c to Oxfam the first time the card is used, and 25p for every £100 spent thereafter. SW

HIGHLIGHTS OF THE WEEK

	Price	Change	1989	1988	
	y/day	on week	High	Low	
FT-SE 100 Index	2354.2	+28.7	2380.4	1782.8	Speculative activity.
ASDA Grp.	212	+21	212	130	Options buying & bid speculation.
BTR	454	+38	458	294	KKR files to buy up to 15% of BTR.
Brit. & Comm.	196	+10	242	152	Woodchester disposal rumours.
Desoutter Bros.	680	+156	685	280	Agreed bid.
GKN	463	+28	463	291 1/2	Figures beat expectations.
Grand Met	631	+21	634	425	Acquisition of US fast-food chains.
GUS A	1078	-52	1195	952	Depressed shares sector.
Kingfisher	383	-15	373	234	Brokers cautious on profits outlook.
Leisure Inv.	64	-19	111	61	Profits warning.
Parkfield Grp.	483	+60	473 1/2	262	Brokers' upgradings.
Parkway	193	-82	267	150	Profits warning.
Rosehaugh	691	+27	709	483	Revival of Canadian bid speculation.
Smurfit (Jefferson)	594	+144	595	329	Proposed US cash raising operation.
Textured Jersey	166	+31	171	116	Bid approach from unnamed interests.

WALL STREET

How the Dow makes news

adjusted properly to take account of splits. Instead, an ad hoc multiplier is applied to the whole 30-stock average to ensure continuity before and after stock splits occur. At present, the multiplier is 1.517. This means, for instance, that a \$1 increase in Woolworth's stock price raises the DJIA by 1.52 (in keeping with its other eccentric traditions, the Dow Jones company expresses this multiplier as a "divisor" and states its present value as 0.659 - that is, one divided by 1.517).

Even more than the selection of its 30 stocks, this statistical quirk stunts the Dow's

'The index is a barbarous relic of statistical pre-history ...'

movements against the faster-growing companies within it. Successful companies in the US tend to split their shares often as their stock price rises. (There was an old joke on Wall Street about the great glamour stock of the 1970s. What does Schlumberger do? It goes to a hundred and splits. Then it goes to a hundred and splits.)

Companies like Boeing, Coca-Cola, Merck, McDonalds and GE have had their weightings in the Dow cut back regularly and systematically because of frequent stock

JUNIOR MARKETS

Worry follows EC proposals

However, those associated with the USM take a very different view about the prospect of change. Even though the USM had a patchy start and has problems with liquidity in some areas, it is viewed widely as an overwhelming success in fueling the growth of smaller companies. There are fears that all this could be jeopardised if the USM is subsumed into the main market.

All the attention lavished on USM companies by specialist analysts and specialist media helps attract others to the fold. "We do need some visibility accounts, which could make life easier for small unquoted companies (with fewer than 251 employees) but put the 258 USM companies of similar size at a disadvantage."

Even more significant, though, is the Mutual Recognition of Listings directive which would allow a company listed on one European stock exchange to be admitted to any other. As a result, the London Stock Exchange might have to reduce its trading record requirement from five years to three to bring it into line with other countries. This would remove an important difference between it and the USM, which already stipulates a three-year trading record.

Although no official pronouncement on the consequences of this change is likely before October, the stock exchange is negotiating with a number of options. It could keep the three markets as they stand and merely amend the listing requirements; it could create one market with different rules for different sizes of companies; or it could merge the USM and the Third Market. The third option seems the most likely. It would probably mean promoting most of the larger, higher-quality USM companies to the main market and creating a new market for very young companies, which would accommodate most Third Market stocks.

For those involved in the Third Market, this prospect is welcomed generally. Many see the design of the Third Market as flawed, since sponsors, rather than the stock exchange, have to regulate new issues. Perhaps, as a result, the number of companies joining the market (12 this year, bringing the total to 60) is seen as disappointing.

Furthermore, some members have complained about the lack of kudos associated with the Third Market. "The companies I have talked to seem quite keen on a change, which could bring an improvement to the prestige and liquidity of the shares," says Jean-Marc Olivier, of Fiat Marwick McIntock.

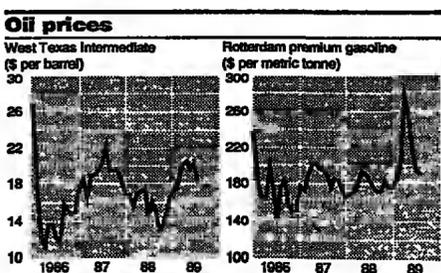
Anatole Kaletsky

Oil majors profit from a lucky business break

IT IS easy to be stunned into incomprehension by the huge profit numbers which oil companies have been churning out for their shareholders recently. What is one to make, for example, of Royal Dutch/Shell's claim this week that its \$11m per day after tax profit during April, May and June represented a 58 per cent increase on its performance in the same period a year ago? Or British Petroleum's 34 per cent rise in the period, or the much smaller Ultramar's 175 per cent improvement in pre-tax profit in the first half?

As always the figures include special factors and are distorted (upwards this time) by stockholding profits. Even so, the figures do reflect a lucky break for the industry in which all three parts of the business - exploration and production, refining and marketing, and chemicals - have improved at the same time.

Often in the past higher crude oil prices have squeezed profits on refining operations, because product prices have not moved up in step. The reverse has also been the case, as in 1986, when the collapse of oil prices devastated the



a general expectation that crude prices will remain moderately firm. A consensus of analysts puts the average price for West Texas Intermediate, the US market crude, at \$18.85 next year (North Sea Brent has been somewhat lower), probably above the forecasts of the oil companies, which are in the range \$16 to \$18.

Anyone who feels that prices will rise higher - and there is heavyweight academic support for this from a recent study by Professor William Hogan at Harvard University - might

do worse than take a punt on BP. Its yield of about 6 per cent is a percentage point higher than Shell's, and the major re-organisation of its assets in the last two years has concentrated its forces on the oil sector, particularly on the two biggest oil producing areas outside the Organisation of Petroleum Exporting Countries - Alaska and the North Sea.

On the other hand, as David Gray, oil analyst for the broker James Capel says, this very concentration creates a risk which is reflected in the higher yield compared with Shell's. What would happen to BP if something dreadful occurred in Alaska or in the North Sea?

Shell in contrast was able to say blandly that a reduction of 90,000 barrels in its North Sea production in the second quarter "was more than outweighed by increased production from Nigeria, Colombia, Syria, Gabon and Denmark." Similarly it was able to offset lower product sales in the US by increases in the Far East. Typical Shell. It is so vast and so well managed that it seems to drive through local storms and adversities like one of its own great tankers, setting a pace for dividend increases which will be hard to follow.

BP is also well managed, large and diversified, but still has some course-setting to do after its traumatic tussle with the Kuwaitis and the enormous job of absorbing Standard Oil of America and Britoil in the UK. Perhaps, for that reason, the stock has more potential.

For those preferring to put their money in a company of less imposing draught, Ultramar's results provided confirmation that its re-structuring and management shake-up has

transformed the company from something of a lame duck.

It now has an interesting balance of assets between oil and gas production in Indonesia and refining and marketing in Canada and the US West Coast. Downstream profits are now about four times those from upstream, but new developments will allow it to take a useful advantage of any rise in oil and gas prices.

Its shares were marked down because analysts had been expecting an even better profit, but the current price reflects a generally optimistic view of the company. Perhaps Ultramar will be constrained by its high debt ratio from making another leap comparable to the recent purchase of the Wilmington refinery on the West Coast, but the company itself does not think so, and it probably has scope for other imaginative moves. It is a company in which investment may still be highly geared to the success of the new management team - but a mistake which would scarcely dent Shell might be enough to sink a company the size of Ultramar.

Max Wilkinson

FINANCE & THE FAMILY

David Waller looks at the motives behind the giant Hoylake bid for BAT Industries while Nikki Tait assesses the state of play

Why Goldsmith wants to make the break

SIR JAMES Goldsmith's giant bid for BAT Industries is as much an assault on an idea as on a company. The idea is "conglomeratism": the Anglo-French financier believes that conglomerates - vast aggregations of businesses which have little in common with one another - are unwieldy and inefficient.

Focus is much better than sprawl, he argues with moralistic fervour, and the way to achieve that is to "unbundle" the sprawling corporate giants into their constituent parts.

With share prices jumping daily to post-crash peaks, it is clear that the stock market likes the idea of unbundling. It only because it could mean plenty of take-over bids for big companies in future. But does the market really dislike conglomerates?

An historical perspective is helpful. For some years up to 1986, conglomerates were very fashionable and companies like BTR and Hanson, as well as a host of medium-sized ones like Williams Holdings and Tomkins, basked in the glow of investors' approval.

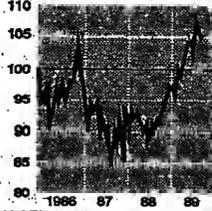
It was a virtuous circle. The acquisitive companies commanded high price/earnings ratios in expectation of high profits' growth. The lofty ratings duly were exploited to make big acquisitions for shares which fed through into vaulting increases in earnings. So, the high P/E's justified themselves and it became possible to make more such acquisitions.

The tide of investors' sentiment turned at least a year before the October 1987 crash. The two giants - BTR and Hanson - found themselves distinctly unfashionable and their ratings slipped dramatically against the market. The main reason was the adverse publicity surrounding the two prototype mega-bids of 1987: BTR's attempt on Pilkington (which failed) and Hanson's bid for the Imperial Group (which succeeded). The City grew sceptical of the quality of earnings coming from the two giant predators and worried that they were simply too large to maintain the profits.

Meanwhile, the "mini-cons" came into their own. Clearly, Williams, Tomkins and the like were not too big to expand. They retained their heady ratings, carried on pushing out the paper to make acquisitions, and their shares outperformed comfortably.

Conglomerates

FT-A Index relative to the FT-A All-Share Index



If you look at the post-crash environment, though, the picture is totally different. The medium-size conglomerates have sunk dramatically against the market while BTR and Hanson have done very well indeed.

The conglomerates sector, which is dominated by Hanson, has outperformed the market as a whole by more than 20 per cent. Hanson, which has a corporate philosophy completely opposite to "focus", has outperformed the market by 28 per cent over the past year alone and BTR (which is not formally in the conglomerates sector but might as well be) by 16 per cent. Williams has fallen by 26 per cent against the market while Tomkins has underperformed by just 5 per cent.

So, it appears that despite the market's apparent infatuation with unbundling, BTR and Hanson are quite fashionable again. There are several reasons for this. Their attractions grow in proportion as the stock market is nervous and the economic outlook poor. Their businesses may not be the most dynamic in the world, but at least a degree of growth is virtually assured. Moreover, the spread of businesses insulates them from a savage downturn in one particular geographical or product market. In other words, Hanson's typewriters or hicks might be in great demand in a year when tobacco (to take a topical example) is out of favour.

Management and financial acumen. Lord Hanson and Sir Owen Green (chairman of BTR) have been through recessions before. Their balance sheets are formidably strong - not unattractive in an era of absurdly high interest rates. Hanson, for example, had £2bn net cash before the acquisition of Consolidated Gold Fields.

With such a robust balance sheet, Hanson was placed well to buy Gold Fields at what some analysts see as a significant discount to its break-up value. It paid £14.50 cash per share plus a 40p special dividend and 60p in warrants - which compares with an unbundled value of possibly £17 a share.

Yesterday's announcement that Kohlberg, Kravis, Roberts, the US arbitrage house, had filed to buy 15 per cent of BTR was something of a mystery to the UK market. Brokers thought it unlikely that it was in the offering given BTR's track record and management skills. Nevertheless, shares in BTR - and a variety of other conglomerates as various as Parkfield, Trafalgar House and Williams Holdings - jumped upwards as the market reflected on the values inherent in the sector.

What should the small investor do about conglomerates? Fiona Humphrey, of James Capel, recognises that the majors (BTR and Hanson) will make safe and attractive investments. However she thinks that the medium-size companies - including Trafalgar House - are a case for a re-rating, on two counts.

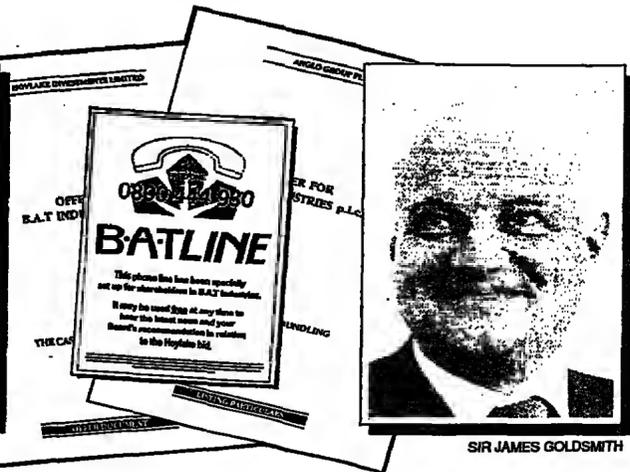
She believes that certain medium-size companies - Tomkins and Morgan Crucible, in particular - deserve investors' attention on the basis of fundamentals alone. Tomkins, she argues, has been neglected because of the size problem: investors have been worried that the post-crash environment has left the company unable to make big acquisitions. She feels this is irrelevant, pointing to last month's results when pre-tax profits for 1988-89 surged by 38 per cent to £95.11m.

Morgan Crucible, she says, has suffered because of a lack of market understanding. It is a world player in five niche industries from crucibles to refractories and technical ceramics, not one of which is accessible readily to the mind of the average investor. There are many medium-size conglomerates with such a store of hidden value.

The other reason for investing is, of course, the unbundling factor. Some of the medium-size companies - including those with shares that peaked up yesterday - must be ripe for dismemberment.



BRIAN GARRAWAY



SIR JAMES GOLDSMITH

The full assault is yet to come

AROUND 116,000 individual shareholders in BAT Industries risked being woken up by an almighty thud on the doormat this week as the offer document from Hoylake, the bid vehicle for the consortium headed by Sir James Goldsmith, arrived through their letter-boxes.

Together with the listing particulars, it weighs almost 1.5 lb and covers 160 pages. The mailing costs for this documentation alone must have run into tens of thousands of pounds.

Just in case anyone failed to get the message that battle has been joined in earnest, BAT responded with a Freefone "BATime".

Shareholders can listen on this to the tobacco-based conglomerate's finance director, Brian Garraway, pointing to some of the company's success stories and urging investors to reject the bid. Comments from other directors are promised in the coming weeks.

Garraway is certainly the more digestible of the two offerings. But shareholders who have not designated the Hoylake documents as do-not-stop already may wonder what, if anything, should attract their attention in this morass of detail, and whether any action is desirable.

On the first score, these weighty documents probably are tackled best in different stages. The "industrial" argument. This comprises the much-pub-

lished "unbundling" theory, coupled with a ferocious attack on BAT's strategy and record, and is set out on pages 3-23 of the offer document.

As Jacob Rothschild suggested when unveiling the treatise (no doubt, pre-empting BAT's response), statistics can be chosen selectively to illustrate virtually any point-of-view - with the choice of starting dates, for example, producing very different impressions.

It is a fair point; but the argument holds good on both sides. Shareholders should read ALL documents with a certain wariness. The terms. These are set out most clearly on pages 29-33 of the offer document and consist of various pieces of paper, not cash.

As explained on these pages, the offer allows shareholders to swap their BAT holdings for two types of loan notes in Hoylake, plus shares in Anglo, a medium-size quoted company which runs a leasing business and was earmarked for the Goldsmith return back in March.

The theory is that BAT's non-tobacco interests would be sold-off if the bid is successful.

and the proceeds would allow Hoylake to redeem the loan notes. Hoylake would end up owning the tobacco business.

Assuming full acceptance of the offer, existing BAT shareholders would own 92 per cent of Anglo in turn holding 75 per cent of Hoylake. They would, therefore, have a 69 per cent interest in the ongoing tobacco business.

The remaining 25 per cent of Hoylake would rest in the

hands of Sir James, Jacob Rothschild and Kerry Packer, plus the 23 additional backers and friends listed on pages 72 and 73 of the offer document.

This is in return for subscribing £868m for Hoylake shares if the offer becomes unconditional. (The shareholder subscription agreements actually allow for up to £1,060m.)

That is the simple way of

putting it. On pages 30-31, shareholders can find details of the loan notes - the interest they will earn, the security underpinning them, and so on.

On page 32, they will find some more sobering, warning notes on how these pieces of paper should be valued.

More assiduous shareholders should also struggle through details of the "override" scheme (on page 34). In simple terms, this entitles existing shareholders of Anglo and the original Hoylake investors (Goldsmith/Packer/Rothschild) to 8 per cent of Hoylake's distributions of BAT disposal proceeds and any increase in the value of the company's equity.

They should also read the "rights of Hoylake minority shareholders" on the following page, which offer very considerable protection for the position of the original Hoylake investors if the bid goes through.

Finally, there are some additional tidbits that shareholders might like to note. On pages 83, 85 and 86 of the listing particulars, for example, there are details about the costs and fees involved in the Hoylake offer.

On page 80, there is the service agreement with Al Dunlap

and Russ Kersh, the two Goldsmith men who would play a major role in managing the BAT business if the bid is successful.

As for action, the best policy for all but the most impatient/cautious investor must be to do nothing at present. There is a general consensus that the present terms are no more than an initial shot.

Even Hoylake, while refusing - correctly - to speculate on possible future developments has itself made clear that the offer is a cost-effective means of starting what inevitably will be a lengthy battle fraught with regulatory problems.

If Hoylake wished to offer some kind of cash alternative, it would have to underwrite its paper or borrow. And that would involve substantial fees to the backers - although the extent to which these might be success-related is a moot point.

For this reason, shareholders probably would be safe in sparing themselves some of the more mind-busting details of the Hoylake offer at present, while keeping a close eye on further developments. The action, after all, is only just beginning.

Richard Waters on Revenue's new Barlow Clowes probe

Investors face back tax blow

THE INLAND Revenue has a long memory, as nearly 16,000 people are about to find out. These are the individuals who invested in Barlow Clowes Gilt Managers, the UK arm of the investment group which collapsed last year. Included are nearly 9,000 who withdrew all their money before the collapse and who probably think of Barlow Clowes only as something from which they were lucky to escape in time. However, it is now about to return to haunt them.

The 16,000 will receive a request for information that will determine if they have overdue tax to pay. The taxman expects that around 8,500 of them owe money, to the total tune of about £1.5m. The tax arises from Barlow Clowes' practice of "bond-washing". This involved buying gilts (UK government securities) after a dividend had been paid and selling them again before the next dividend - a way of turning income into capital gains for tax purposes.

Tax might now be due for two reasons. First, until February 28, 1986, the capital gains from bond-washing had to be declared like any other gain and were added-in when calculating if someone had exceeded his or her capital gains tax exemption for the year.

Barlow Clowes told its investors that they should inform the Revenue of these gains. But some did not do so and will now have to pay the tax. This will affect only people who had more than £25,000 invested in Barlow Clowes, provided they had no other capital gains from other sources: the gains from investments of less than £25,000 were not large enough by themselves to exceed the personal capital gains tax exemption.

The second reason why tax could be due stems from the treatment of bond-washing after February 1986. From that date, the Revenue began to calculate the proportion of the dividend that accrued day-to-day during the ownership of the gilt and taxed this as income (something known as the "accrued income scheme").

The Revenue claims Barlow Clowes did not make it clear to

investors that they were liable to tax under this scheme. It now says that anyone who had more than £25,000 invested in Barlow Clowes after February 1986 should declare this, to enable a tax assessment to be drawn up.

The tax applies to gains that were "rolled up" as well as those that were actually paid out to investors. Those who have lost capital in the Barlow Clowes collapse will not be able to set this against their taxable gains. Letters explaining the position are being sent to all 16,000 people, along with a form for them to return. The Revenue will then draw up assessments where extra tax is due.

While the tax bill will come as an unpleasant surprise, the fact that investors in the UK arm of Barlow Clowes are about to get their final pay-out will be a relief. The liquidators recovered more than £50m of

investors' money more than a year ago (with interest, but less tax, that now amounts to £5.5m), but legal battles prevented much of it being paid out earlier. This weekend, £18m is on its way to 7,320 people on top of the £16.6m they received at the start of this year.

Of the remaining money, £16.6m has had to be handed over to investors in Barlow Clowes International, the offshore part of the group, who were judged by the court to have a claim over it. That leaves just £2m, which is being held back in reserve in case the liquidators decide to start suing Barlow Clowes' advisers and bankers over the collapse. Some of this will also go to meet the liquidators' own fees.

The overall result is that 7,320 people have got back an average of around 70p of every £1 they invested. Depending on when they invested and the accounts in which their money was held, each investor will actually receive somewhere between 60p and 100p in the £1. That was the relatively straightforward part of the affair to resolve the unfortunate 10,000 or more whose investments were held by the Gibraltar-based BCI will have to wait some time yet before the Barlow Clowes saga comes to an end.

SIB scraps City rulebooks

THE EMERGENS in the City of London last week of a proposed new approach to investor protection will send shivers down the spine of many people. This is because investors may suffer in the attempt to make life easier for financial firms.

The overhaul of the regulatory system, set up under the Financial Services Act, has been prompted by complaints from investment firms rather than by a desire to offer better protection for investors. Investment firms claim that the existing regime is costly and inefficient and that, ultimately, investors have to pay for this themselves.

The Securities and Investments Board (SIB), the chief regulator under the Act, has proposed a new system of regulation which would free firms from the huge and complex rulebooks that now govern almost every aspect

of the way they do business. The SIB's reasoning is this. Detailed rules encourage compliance with the letter, rather than the spirit, of the law. By greatly reducing the number of rules (to 46) and making them much broader, it will be possible to encourage investment firms to take a less legalistic, and therefore more conscientious, approach to investor protection.

In addition to the 46 so-called "core rules," firms would have to abide by 10 principles - the financial equivalent of the Ten Commandments - requiring them, for example, to act with integrity and to avoid conflicts of interest. They would also have detailed codes of conduct, rather like the Highway Code, to which they must adhere.

This new structure is causing concern for several reasons. Investors now have the right to take legal action against a firm with which they

deal for any breach of the complex rulebooks. In future, they will be stripped of this right (this will happen when the next Companies Act comes into force, probably in October) and will be able to take action only for a breach of the "core" rules.

In return for giving up these rights, consumers will have two extra forms of protection. First, the codes of conduct could be used as evidence in a court action to prove whether an investment adviser had stuck to the core rules. The courts are likely to set considerable weight by adherence to the codes - just as they treat the Highway Code in relation to motoring offences.

Second, regulatory bodies will be able to take action themselves over breaches of the codes, or the 10 principles. Their powers include levying fines or suspending firms from doing business. Investors will,

in effect, have to put much greater trust in these so-called self-regulatory organisations (SROs). The SIB's gamble relies on both investment firms and regulators applying the spirit of the rules strictly.

However, all of this is still some way off. The SIB is inviting comments on its proposals by the end of September, and will draw up further suggestions after then. Also, the largest of the regulatory bodies, the Financial Intermediaries Managers and Brokers Regulatory Association (Fimbra), has no intention of scrapping its detailed rulebook but plans to hang on to it (something it would be allowed to do under the SIB's proposals). However, most private investors will not be affected until the SIB actually changes its mind and brings in its new regime.

R. W.

INVESTMENT TRUSTS

The Financial Times proposes to publish a Survey on the above on

7 October 1989

For a full editorial synopsis and advertisement details, please contact:

Richard Beccle

on 01-873 4181 or write to him at:

Number One, Southwark Bridge London SE1 9HL.

FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

FINANCE & THE FAMILY

Taxing time for a wife

IF A WIFE'S pension is not deemed to be earned income for the purpose of the wife's earnings allowance, how is it taxed - as her unearned income, or as a charge upon the husband's pension as earned income attributable to his contributions?

I believe that no tax charge would arise if the wife had made sufficient contributions in her own right at some time in the past, but my tax guide '88/89 does not seem to cover these points.

Having recently completed my application form for the state pension, I was surprised to find that I had to apply for a separate claim form for my wife, who is an "unpaid" housewife and below the age of 60. I thought at first that this would be a means-tested situation and that it would not be payable. I was advised to claim.

In another published article,

I noted that if a wife's earnings exceed £23.75 a week, her pension of £24.75 is not paid despite the abolition of the earnings rule. I assume that earned and unearned would be synonymous in this case?

The wife's pension is deemed not to be earned income for the purposes of the wife's earnings allowance, but is treated as her earned income for all other purposes. As you say, the position would be different if (or to the extent that) her pension was based upon her own contributions.

In your own case, until your wife is 60 she will not be entitled to a pension. In the meantime, however, your own pension may be increased by an allowance in respect of your wife's dependence. No "earned" and "unearned" are not synonymous in this context. The earnings rule is not being abolished until October.

Waste of money

MY SON died intestate five years ago and, after litigation, I obtained provision of £10,000 from his estate for his own care, in which the court gave me discretion to manage the money until he came of age.

Since leaving school at 16, this grandson has shown himself to be inadequate and/or work-shy and it is apparent that, once it passes into his hands at 18, his inheritance will be dissipated quickly.

Would I have any possible means of getting the court to delay his taking control of the money until, say, 21 years of age?

You cannot withhold the capital of the trust fund after

the beneficiary comes of age without an order of the court varying the trust. It might be possible to go back to the court under the order made in the original action but that would depend on the precise form of the order and of the settlement of the fund. Alternatively, a variation might be sought under the Variation of Trusts Act 1958.

In either case, it might be prudent to seek a substitute protective trust for your grandson's life (if necessary, with substantial powers of advancement of capital). If the fund is still under £20,000, the county court has jurisdiction under the 1958 Act.

A tenant to treasure

I HAVE a tenant occupying a flat under the terms of a one-year shorthold tenancy agreement (pre-1988 Housing Act). This agreement is up for renewal and I have read that under the 1988 Housing Act, I cannot transfer her to a new assured shorthold tenancy.

What is my best course of action? She is an extremely good tenant and I wish to continue letting to her.

If, the letting, which was granted in 1986 was an assured shorthold tenancy, then you are free to grant a new assured shorthold tenancy under the Housing Act 1988 to follow on from the previous shorthold tenancy; section 20(3) of the 1988 Act prevents the grant of a new tenancy only where the previous assured tenancy was not shorthold.

Q&A BRIEFCASE

No legal responsibility can be accepted by Financial Times for the contents of these columns. All inquiries will be answered by post as soon as possible.

Defensive action

THREE TO four years ago, my neighbour put up a 6 ft high fence. As we have always been good neighbours, I did not pay much attention. But I realised later that the fence encroached on my property and takes away my privacy. My neighbour promised last year to re-set the fence but changed his mind, so far as I can judge.

What steps should I take to make to rectify the position if another friendly approach does not succeed?

If your neighbour will not move the fence, your only recourse is to seek an injunction in the County Court to restrain him from leaving his fence on those parts of your land where it encroaches. You can prove the correct boundary line only from plans of the two properties and the oral evidence of eye-witnesses who knew the previous situation.

Negligent solicitors

MY DAUGHTER is selling her freehold property but the purchaser's solicitor discovered that the garden had not been incorporated in the land certificate. The solicitors dealing with the sale have since been incorporated with another firm.

All this has caused delays in completion. My daughter's bridging loan has had to be extended and her solicitor's costs have obviously risen. What redress has she against the solicitors who acted for her, and what steps should she take?

It seems very likely that your daughter will have a claim for negligence against the solicitors who acted for her. She should consult a different firm of solicitors to pursue the claim. The change in the partnership of the original solicitors will not prevent a claim being pursued against those who were partners in the firm which dealt with the purchase by your daughter at that time. She should, however, act quickly as her claim could meet with difficulties under the Limitation Act if her purchase was more than six years ago.

Entitled to money back

FOUR YEARS ago, as a condition of having a default judgment set aside, I was ordered to deposit £2,000 with the plaintiff's solicitor. The order does not say in what capacity it is to be held. After two years, and a voluminous correspondence, it became clear that the claimant had no money to bring an action. Can I get the action struck out and get my £2,000 back? To what costs would I be entitled? Would I be allowed interest?

You should now apply to the court to have the action against you struck out, and the money deposited with the plaintiff's solicitor repaid to you with interest. This should be the interest earned on the £2,000 if it actually was placed on deposit; if not, you could claim interest at the standard rate now awarded on damages: 15 per cent. You would be entitled to your costs in the action, taxed on the standard basis (High Court) or the appropriate scale (County Court).

Fail-safe procedure

MY SAVINGS are invested in a building society and I have it in writing that, in the event of failure, there is a "fail-safe" scheme which provides protection of 90 per cent of the first £20,000 of investment.

Is there a catch to this? Also, if savings are spread over two or more societies and both fail, would the same rate of compensation apply to both? And from where would the money come to finance such a scheme?

The statement is correct: it is founded on statutory provisions, namely sections 24 to 27 of the Building Societies Act 1986. If two building societies fail, you would be entitled to the maximum compensation (£18,000) on the totality of your accounts at each society if each total amounts to £20,000 or more, so £36,000 would be safe.

Correction: The address of the building societies ombudsman was given wrongly in Briefcase two weeks ago as 3 Savile Row, London, W1. In fact, this is the address of the Building Societies Association. The correct address for the ombudsman is Grosvenor Gardens House, 35-37 Grosvenor Gardens, London SW1X 7AW.

TONY NEWTON, the new Social Security Secretary, might be wise to use the summer parliamentary recess to study the accompanying table closely and, above all, to make sure he understands its implications.

The table shows the results of the latest survey* carried out by leading consulting actuary R. Watson & Sons, among its clients to see how company pension schemes compensate for the eroding effects of inflation when pay-out time arrives.

It reveals that while trustees are increasing pensions, the rises are not, on average, sufficient to restore the real value of pensions to the level provided at the time of retirement.

A company scheme providing pensions linked to an employee's earnings at or near retirement provides benefits that are inflation-proofed while the employee is working. The vast majority of public sector pensions provide inflation-proofing when the employee retires by revising the automatically each year in line with the rise in the retail price index (RPI). But it is very rare for private sector schemes to provide such complete automatic protection.

Usually, these private schemes guarantee increases at a low level (normally 3 per cent, but sometimes 5 per cent) and leave any further pension increases to the discretion of the trustees. The cost of these increases is funded either from the surpluses in the scheme, or by the employer, or both.

As the table shows, in the dark days of the 1970s and

Too few company schemes are making proper allowance for the ravages of inflation on payments to the retired, says Eric Short

How pensioners lose out

early 1980s when inflation was rampant, the discretionary pension increases made by trustees fell well short of what was needed to offset inflation. For example, a person retiring in 1969 saw the real value of his pension dropped to a nadir of 62.1 per cent of its original value in 1981.

Thereafter, the financial situation of company pension schemes started to improve dramatically and produced substantial surpluses.

Trustees started to use part of these to increase pensions by more than the relevant rise in the RPI, thereby restoring partially the previous years' shortfall.

However, companies have also been using much of the surplus to take a contribution holiday - ceasing temporarily to pay money into the scheme.

As the table shows, restoring pension values has been gradual, even though many schemes were in a position to have made much higher payments; and, for many people, the real value of their pension is still well below the original value.

In 1988, many companies did no more than match inflation, even though company pension schemes are still in a healthy

Retirement at end of	1969	1974	1979	1984
Purchasing power at end of	%	%	%	%
1970	97.4			
1971	92.1			
1972	90.4			
1973	88.4			
1974	86.7			
1975	74.0	86.4		
1976	71.2	81.7		
1977	69.5	79.0		
1978	68.6	80.0		
1979	65.0	75.0		
1980	62.6	72.4	92.5	
1981	62.1	70.2	80.0	
1982	63.6	71.9	90.0	
1983	65.6	73.9	90.5	
1984	67.6	75.3	90.9	
1985	71.1	77.3	91.0	88.2
1986	74.8	79.9	91.9	91.6
1987	78.0	83.0	93.5	99.2
1988	78.4	83.0	92.2	97.2

Source: R. Watson & Sons

financial position and the companies themselves continue to enjoy contribution holidays that could last several more years.

Such a situation is highly unsatisfactory. Pensioners should have first call on the surplus of a scheme until the real value of their pensions has

been restored fully and then maintained on an annual basis. The problem is that pensioners do not air their grievances with a common voice. Usually, they have no direct representation on boards of trustees, so there is no-one there who can put forward their interests.

Second, many pensioners seem unaware of the problem. All too often, when they receive an increase they write letters of thanks to the trustees or pension administrator instead of checking to see if the rise has restored the value.

Tony Newton's predecessor, John Moore, commissioned the Occupational Pensions Board

action pack called *Finance Your Future - A Mid-Life Guide to Financial Planning for Your Retirement*, to be published next week.

Ford's Pasterfield believes post-retirement assistance is equally important, although few companies provide follow-up advice for their former employees on pensions or retirement homes. Ford gives its pensioners the same benefits as employees - for example, discounts on cars and on health and accident schemes, as well as membership of social and sports clubs. It also runs a visiting scheme so that it can keep in touch with people once they have retired.

Companies which do provide counselling regard it as part of their duty as caring employers. Hughes makes the point that it also improves staff loyalty, especially among skilled workers; sending employees for a couple of days to a hotel at the employer's expense for a pre-retirement course "has been seen as another benefit like BUPA, company cars and luncheon vouchers."

Or as Alan Murphy, group pensions manager at the Halifax Building Society, says: "It is a way for the organisation to say 'thank you' for many years of loyal service."

Working the Most of Your Retirement, by Keith Hughes, is published by Kogan Page at £4.95.

Finance Your Future - A Mid-Life Guide to Financial Planning for Your Retirement is published by the Consumers' Association and Hodder & Stoughton at £5.95.

Sara Webb on the reluctance of employers to help their workers prepare for the stress and strain of retirement

The longest holiday of all

RETIREMENT can be a surprisingly traumatic experience, it seems. According to one survey, it is more stressful than Christmas, the death of a friend, moving house or the birth of a first child, but less stressful than the death of a spouse, divorce, marriage or going to prison. The build-up of stress shortly before someone retires can even affect performance at work.

Each year, about 1,000 people retire in Britain but many companies fall short of helping their employees to prepare adequately for what is sometimes dubbed the longest holiday of a lifetime.

According to a recent survey by Legal & General, the pension group which also is the leading supplier of pre-retirement courses, 97 per cent of personnel managers questioned said they thought pre-retirement counselling was important. However, only 35 per cent of them actually provide any form of guidance; and, in some cases, counselling might consist simply of a half-hour chat.

The survey found that 19 per cent of those who do not provide counselling consider it a waste of money, usually because they think their employees are too young to need advice and they are not prepared to spend £10,000 simply on a course which benefits the staff but not the employer.

Keith Hughes, author of a book called *Making the Most of Your Retirement* and director of retirement counselling services at L&G, thinks this view is

short-sighted. More and more people are considering taking early retirement (even though the Government might prefer them to stay in harness beyond age 65); thus, they need to plan their finances well in advance.

By the year 2,000, it is estimated that over half the population will be aged 50 or more, and will own 60 per cent of the nation's private assets. Many will have inherited property from their parents, giving them considerable spending power.

"We've had to move the clock back from 65 to 55 because of early retirement so we tend to run more mid-life courses," says Del Pasterfield, manager of welfare and benefits at Ford. Ideally, he says, pre-retirement courses should take place three to five years before departure.

Ford, regarded as one of the more experienced companies when it comes to pre-retirement advice, provides courses, written material and personal counselling on such matters as pensions. Recently, it started to encourage workers to attend adult education classes to help them develop new hobbies and outside interests.



Pre-retirement courses can cover anything from how to wire a plug when your hands are arthritic to managing your finances or using time constructively. But, for most people, the main concerns tend to be questions like "will I be bored?" (especially true for the sort of managers who regard their job as their hobby) and "how will I cope on my pension?"

L&G advises people to look carefully at their company pensions to see if they need to make additional voluntary

contributions (AVCs). Hughes tells those who attend his course to prepare a budget sheet calculating their income and spending during employment, then to forecast how these will change once they have retired (for example, they will no longer be paying National Insurance or fares to work).

Other subjects covered include state benefits, inheritance tax and health advice. *Which?*, the magazine of the Consumers' Association, has just produced an excellent

EXPATRIATES

CGT - the good news

BRITISH expatriates who decide to resume UK residence after several years' absence are likely to find that the financial scene has altered almost beyond recognition, particularly when it comes to capital gains tax. These CGT changes may be of immediate concern to expatriate families in circumstances where one of the spouses (usually the wife) remains a UK resident as a result of the time she spends in Britain and, in many cases, by retaining a place of abode there.

With effect from April 1988, neither these families nor UK residents have had to pay CGT on any gains which had accrued up to April 1, 1982. Gains arising after 1982 already had been made subject to full relief for inflation. Only in cases where both spouses are UK residents will the individual benefit fully from the introduction of independent taxation in the next tax year: for the first time, they will be assessed separately on their respective capital gains, each being entitled to an exemption (on present figures) of £5,000 per annum.

As a result of the larger CGT exemption, expatriates who are about to resume residence in the UK will be placed even better than before to avoid liability. This is because the realisation - or "bed and breakfasting" - of all assets on which substantial capital gains have accrued before expatriates again take up UK residence enables them to start with an entirely clean sheet.

Those expatriates whose status as non-resident (NE) or not-ordinarily-resident (NOR) lasts for less than 36 months will need to eliminate gains in a previous tax year in order to avoid a liability on capital gains.

As is customary in fiscal

matters, the Treasury has exacted a price for these liberalisations for, with the abolition of the separate 30 per cent rate, capital gains will be charged in addition to income in future. However, relatively few married couples will suffer the resulting top rate of 40 per cent, given both the dual £5,000-a-year exemptions and the fact that the excess gains plus taxable income for either one (or both) would have to amount to at least £22,485.

Unfortunately, some useful loopholes have also been closed in recent years. Those planning to return to the UK can no longer invest in offshore umbrella funds to their advantage. These funds have now been brought into line with their UK counterparts, which means that a switch from one sub-fund to another by a person resident or ordinarily resident in the UK is a chargeable event for CGT purposes.

Also withdrawn is the right of donor and donee to elect jointly that gains which have accrued to the former within a gifted asset can be "rolled over" so that the recipient pays tax only when he or she disposes of the gift.

As the law stands now, married people with different residence statuses often can use the fact to improve their joint CGT situation. This is because, being separately assessed, separated, the law treats them as though they were not married.

This "fiscal divorce" has the result, for example, that if a NR/NOR husband who intends to retire to the UK shortly transfers an investment property (which he owns and intends to retain) to his resident wife, she is deemed to acquire it at market value and not, as is usual for gifts between spouses, basically at

the donor's acquisition cost. Needless to say, great care is necessary when organising such matters as the Island Revenue will not overlook any claw in your arrangements. And if you wish to make use of this situation, you must bear in mind that there is a time limit. Detailed changes resulting from the introduction of independent taxation will, from April 6, 1990, eliminate the concept of geographical separation and, with it, both the special treatment described and the resulting tax savings.

However, the converse case - in which assets enlarged greatly by gains are transferred to the NR/NOR partner (thus allowing him or her to dispose of them tax-free at a later date) - will remain available.

The resident and ordinarily-resident spouse should also consider using his or her maximum entitlement to invest in personal equity plans (PEPs) which are the only non-residents who qualify.

Until this year, there was little point in doing this since the NR/NOR partner could, in all probability, make unlimited and entirely tax-free investments offshore. However, the ability of oew-style PEPs to provide a stream of income without affecting the right to tax exemption changes is important for those planning retirement in Britain.

The resident partner can now prepare for this by building a portfolio capable of retaining its exempt status indefinitely. Obviously, the longer the period before retirement, the bigger that tax-sheltered fund can be.

Donald Elkin is a director of Wilfred T. Fry Ltd of Worthing, West Sussex.

No. 1 in its Sector

Net Asset Value + 22.5%

Interim Dividend + 20%

ST ANDREW TRUST

St. Andrew Trust, managed by Martin Currie, specialises in investing in fast growing smaller companies at home and abroad.

This policy has consistently rewarded shareholders. The Directors have again increased the interim dividend by 20%. This is the fourth consecutive year that the interim dividend has grown by 20% or more.

Nor has capital growth been neglected: net asset value per share rose by 22.5% over the six months to 30th June 1989.

This concentration on both capital and dividend growth has resulted in "league leader" performance. For the twelve months to 30th June 1989 St. Andrew Trust was the best performing investment trust in the smaller companies sector.

Chairman David Ross Stewart comments: "St. Andrew Directors have always stressed their belief in the long-term advantages which smaller companies have over their larger more unwieldy brethren. A yacht is more responsive to touches on the helm than a barge. The first half of 1989 confirms our strategy."

The interim report is now available. If you would like a copy please complete and return the coupon below:

ST ANDREW TRUST p.l.c.

A member of the Association of Investment Trust Companies

*Based on AIC's Net Asset Value Yield Return

Martin Currie Investment Management Limited

St. Andrew Trust is a member of the Martin Currie Savings Plan

If you would like further information, please tick the appropriate box on the coupon.

PLEASE COMPLETE AND RETURN THIS COUPON TO: JANA IRONSDALE, MARTIN CURRIE INVESTMENT MANAGEMENT LIMITED, 29 CHARLOTTE SQUARE, EDINBURGH EH2 4NA. TEL: 011-222 3411

PLEASE SEND ME A COPY OF THE ST. ANDREW TRUST INTERIM REPORT

PLEASE SEND ME DETAILS AND APPLICATION FORMS FOR THE MARTIN CURRIE SAVINGS PLAN

NAME: _____

ADDRESS: _____

FT 128

MARTIN CURRIE

THE INDEPENDENT INVESTMENT MANAGERS

This advertisement has been issued by the Board of St. Andrew Trust p.l.c. and has been approved by Martin Currie Investment Management Limited ("MCI"), its manager and secretary. MCI is a member of BIRRO. St. Andrew Trust is not a member of one of the regulatory organisations set up under the Financial Services Act 1986 because its business does not constitute Investment Business as defined therein. This results are not necessarily a guide to the future. The price of shares on the stock exchange is subject to fluctuations and an investor may not get back the amount he or she invested. The income may fluctuate in money terms.

OUTDOORS/MOTURING

A Shogun that rules the road

This 4x4 is cheaper than a Range Rover and feels nicer to drive, too, reports Stuart Marshall

Big 4x4 estates like the Range Rover and its two main rivals, the Mitsubishi Shogun and Isuzu Trooper, are lovely touring cars...



The five-door Shogun V6: effortless performance and so quiet on the road - but, like its competitors, it's a little on the thirsty side

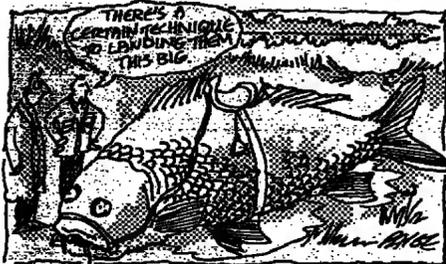
ful but also the roughest and noisiest at low speeds, when it lacks pulling power...

Both the turbo-diesel Shogun (which also is inter-cooled) and Trooper are quiet and pleasantly drivable at low speeds...

I drove one a few weeks ago. It was powered by a 3.5-litre, four-cylinder, direct-injection Nissan diesel which fits under the bonnet as though tailor-made...

The Nissan diesel could be retro-fitted into a new Range Rover for £4,150, plus VAT, some of which would be offset by selling the V8...

Fishing



It's carp that count - not the divorce!

Tom Fort on a very subtle prey

SEVERAL months ago, Kevin Maddocks, one of Britain's top ten anglers, won £150,000 in libel damages against an angling newspaper which had accused him of fishing fish from someone else's pond...



BMW's tasty trio

AT PRICES ranging from about £13,000 to £44,000, BMW's three latest offerings are not exactly all things to all motorists...

acceleration to dispose of any obstruction safely. Ride comfort on poor roads suffers a little from the stiffened suspension and ultra-wide wheels and tyres...

coolly comfortable when the thermometer stood at well over 30 degrees C. Although a little shorter than the 750Li, it still has ample rear seat leg-room and the same massive boot...

Few grandmasters have had such an unsympathetic press from later generations as Wilhelm Steinitz, first champion of the world from 1886 to 1889...

his first career as a journalist and fought his own corner as a chess professional. He was already de facto world champion by 1866 when he defeated Andersson, and confirmed his status with tournament and match victories over major rivals...

potential of cramped positions. What brought him down finally against Lasker was a combination of age, ill-health, and stubborn reliance on dubious opening systems...

White has already announced his strategy as a closed centre and the knight manoeuvre QN-Q2-B1-E3-B5, so P-KN3 and B-N2 could be a better plan...

This allows the exchange of his defensive bishop, but 13... P-N3; 14 N-Q5, B-N1; 15 P-B3, P-KB4; 16 P-P3, P-P3; 17 B-R6 and O-O-O also gives White a strong attack...

Bridge

MY FIRST hand today comes from a pairs event which I managed on a cruise ship a few years ago...

diamond. South ruffs, cashes his ace of hearts, ruffs a heart in dummy and discards his two other hearts on the 10 and knave of clubs...

spades. South went to four hearts (which surely was optimistic) and West's double for penalties brought the auction to a close...

PROBLEM No. 785 Max Euwe v. Sir George Thomas, Hastings 1935. White (to move) is a pawn up; but...

MOTOR CARS

JAGUAR AUTHORISED DEALERS ARMITAGE WALKER Jaguar Sovereign 3.6, 1989 F. Alpine green/doeskin leather interior, sunroof, 5,000 miles...£27,950

ROLLS ROYCE AUTHORISED DEALERS

HOOVER ESTABLISHED 1907 1989 Model Rolls-Royce Silver Spur, Royal Blue/Parchment. Every luxury including TV, video, central lock, Sony Hi-Fi & CD + more...

ALFA ROMEO AUTHORISED DEALER

HYDE CAR CENTRE (A member of Dean Smith Garage Limited Group of Companies) 164 AUTOMATIC EUROPEAN DEBUT. Alfa Romeo 164 now available in manual or automatic.

B.M.W CLASSIC CARS

BMW Z1 August 1989 Delivery Finished in metallic watch green, dark green and yellow interior. Price: £40,000, Franco Stuttgart/Germany. Fax: 07322 82044

PORSCHE AUTHORISED DEALERS

Dick Lovett Porsche 911 Turbo Coupe, Guards red, black interior, sports etc, 1250, top panel, sunroof, 10000 miles...

BENTLEY

Bentley Continental Convertible 1989 very latest spec. Mediterranean blue/magnolia hide. 16000 miles only £159,950. Contact: 01-546-9476

SAAB AUTHORISED DEALERS

SAAB IN WARWICKSHIRE offer prompt delivery of new Saabs and probably have the largest selection of used Saabs in the Midlands. Lime Garage, Royal Leamington Spa. (0926) 432321

To advertise on the Financial Times/Motor Car pages please call Peter Shield on 01-407 5764

NEW HOMES

LONDON IN 45 MINUTES - LONDON IN 45 MINUTES

Luxury COUNTRY LIVING
is nearer than you think

Only **45 minutes!**

THE DROVEWAY
HAYWARDS HEATH-SUSSEX

4 & 5 bed luxury executive houses and bungalows

Prices range from £270,000 to £347,500
For more details please telephone (0111) 815385
24 hour hotline 01 688 6881

Special Summer Offers available.

Sunley
ESTATES LIMITED

RENTALS

S.L. PROPERTY SERVICES
LANDLORDS

urgently require properties all over London. Try our professional letting and management services.

TENANTS
Phone us today for our short/long let or holiday accommodation.

Ring now on 01-882 5713

CLOSE TO BLAINE SQUARE, SW1 Superb 2 bed Company flat in period bldg. Fully furnished. Available immediately. Rent £200 per week. Molehill & Harding 01-499 0665.

HYDE PARK, W2 Stunning views from this beautifully presented 3 bed balcony apartment. Rent £200 per week. Molehill & Harding 01-499 0665.

EC4, Ladbroke 1 bedroom rental - poss office use. TEL: 01-249-9081

CHelsea SW3 New four build house in own secure private road, 4 beds, 2 en-suites. Further bedrooms, 2 reception areas, fully fitted kitchen, cloakroom. Furnished £750 p.w. TEL: 01-898 437. (W) 01-493-2573 (WEEK)

LONDON PROPERTY

KENSINGTON FREEHOLD HOUSE Delightful, 3 beds, Newly renovated, private garden, £349K Tel: 01 370 4263

LONDON W.1. Beautiful two bedroom flat Montagu Mansions, Long lease, Self over-seas buyer. £165,000 01-498-2330.

TO THE Duke of Westminster, president of the Game Conservancy, the red grouse, "king of gamebirds, provides the most testing and exciting form of shooting." Last year saw one of the greatest grouse-shooting seasons for 50 years, which is why the prospects are so patchy this year, for good grouse years are often followed by crashes.

Many days' shooting on grouse moors in the north of England have already been cancelled, and shooting parties have turned desperately to estates in Scotland, where prospects are more promising.

One of the problems this year is strongylosis, caused by a worm parasite, which can have a disastrous effect. Dr Peter Hudson, head of the Game Conservancy's upland research unit, says: "The overall effect on grouse populations - notably in the northern Dales - has been so large that it can cause a 95 per cent fall in the number of grouse available for shooting."

However, long before they are old enough to fly over the hills today, grouse are faced with a variety of other hazards. The most serious is the loss of heather, as a result of afforestation or over-grazing by sheep, cattle and deer.

The results of good heather management can be seen on the 12,000-acre Bollhope Moor in Weardale, County Durham, which is owned by one of the Al Maktoom brothers, rulers of Dubai. Here shooting records have been broken in the past five years, with bags even better than in the 1930s or at the turn of the century.

Elsewhere, however, the loss of heather has caused a decline in grouse numbers. This is why organisations such as Savills, the estate agents, and the Sir Joseph Nickerson Feather Foundation are sponsoring the Game Conservancy's grouse research project on a 32,000-acre Gummerdale estate in North Yorkshire. For the past three seasons, the 1,900-acre Hall Moor in Swaledale has been ring fenced and divided into six test areas to discover the best management techniques for heather restoration, in order to maximise grouse numbers.

Despite these setbacks, there is no lack of demand for good sporting estates, though the best change hands privately. Savills sold the 3,000-acre Egglestone Moor in Teesdale, North Yorkshire, for more than £2.5m; and the 50,000-acre Mar Lodge estate near Balmoral in Scotland was bought by Aberdeen businessman John Kluge,



A closing date of August 24 has been set by Bidwells for best offers over £2.5m for the 3,546-acre Pilsuarden estate near Elgin, Morayshire, where 1,200 pheasant and partridge are being reared for the coming season

High cost of the glorious 12th

Grouse moors and sporting estates are holding their prices well, says Michael Hanson

head of Metromedia, for £7m. Now the Rothsay Trust, a wholly-owned subsidiary of David Hardy's Globe Investment Trust, has paid more than £3m for the 14,000-acre Skibo Castle estate in Sutherland. Bought in 1898 by Andrew Carnegie, it was owned by the family trust until 1982, when it was bought (with 19,000 acres) by Derek Holt for over £2m. He instructed Finlayson Hughes to sell it earlier this summer without any publicity.

John Bond, a partner in the Inverness office of Finlayson Hughes, which has also sold a 300-acre grouse moor without a word of publicity, explains: "Provided the right people are supplied with the right information, it can be possible for even the largest properties to be sold entirely privately."

Angus Crow, a partner in the Edinburgh office of John Clegg and Co, which has just sold Edmund Vestey's 21,000-acre

North Lochiver estate in western Sutherland for well over £750,000, expects offers of above £200,000 for the Forestry Commission's 2,400-acre Delabo Moor, west of Tomkadail, in the Grampian Mountains. The moor has not been kept, but it lies between two well-known moors, Inchroy and Dorvack, which have seen good recoveries in grouse stocks in recent years.

Another Scottish estate where the shooting rights have hardly been exercised in recent years is North Abernethy Forest. This is an estate of 1,725 acres in the Upper Spey valley, about ten miles from Aviemore, for which John Clegg expects offers over £1m.

Back in England, the sporting rights over more than 3,000 acres of common land in Northumberland are on the point of being sold by the trustees of Lord Alington. Wellhope Moor and Heatherhymra Moor are outlying parts of the Allen-

heads estate, which many consider to be the finest grouse moors in England, but these particular drives have been lightly shot in recent years. Even so, Savills and joint agents Davis and Bowring are likely to achieve close to their guide price of £450,000.

Those who cannot afford to buy a grouse moor may prefer to rent some shooting, though a 100-brace day for six to eight guns can cost £1,000 per gun, plus VAT and the agent's commission.

"Don't expect to find much grouse shooting available at this time of year, however," says Roddy D'Anvers Willis, of Savills' Brechin office. "Most people renew their lettings every year, and any spare days are usually let by Easter." If grouse are in short supply this year, pheasant and partridge are likely to be in abundance when their shooting seasons open.

Jamie Illingworth at Strutt

and Parker, who probably lets more shooting than anyone else, has pheasant shooting at £1,500 a day per gun for a 100-brace day, plus VAT and his 7.5 per cent commission.

The late Anthony Vandervell, a former chairman of the Game Conservancy, owned one of the best pheasant shoots in England: the 1,277-acre Wolf Barn estate, near Streatley, Berkshire. This has its own private double valley and has been run in respect of 100 days' shooting of 400 to 500 birds, with a single keeper, Roger Foden, who releases more than 4,000 pheasants and about 600 French partridges each year.

The estate has been sold privately through Knight Frank and Buxley by the Vandervell family trustees to an unidentified English businessman, who is said to have paid £5m for the privilege of owning a residential, sporting and agricultural

estate only 35 miles from London.

In Scotland, however, the Lochan family trust failed to receive acceptable offers for their Oxnam Row estate near Jedburgh by the closing date of July 26. Knight Frank and Buxley are now seeking offers over £300,000 for the estate, where the pheasant shoot extends over 2,210 acres.

A closing date of August 24 has been set by Bidwells for best offers over £2.5m for the 3,546-acre Pilsuarden estate near Elgin, Morayshire, where 1,200 pheasant and partridge are being reared for this season.

Finally, the Wildfowl Trust has just bought 77 acres of wildfowl land at Welney, Norfolk, known as the Hundred Foot Washes, to add to its adjoining holding. Bidwells, the agents, were trading offers in the region of £150,000 for the property, which attracts over 40,000 wildfowl a year.

estate only 35 miles from London.

In Scotland, however, the Lochan family trust failed to receive acceptable offers for their Oxnam Row estate near Jedburgh by the closing date of July 26. Knight Frank and Buxley are now seeking offers over £300,000 for the estate, where the pheasant shoot extends over 2,210 acres.

A closing date of August 24 has been set by Bidwells for best offers over £2.5m for the 3,546-acre Pilsuarden estate near Elgin, Morayshire, where 1,200 pheasant and partridge are being reared for this season.

Finally, the Wildfowl Trust has just bought 77 acres of wildfowl land at Welney, Norfolk, known as the Hundred Foot Washes, to add to its adjoining holding. Bidwells, the agents, were trading offers in the region of £150,000 for the property, which attracts over 40,000 wildfowl a year.

LONDON PROPERTY

THANKS TO THESE UNBEATABLE PRICES HERE AT NEW CRANE WHARF, I THOUGHT I'D USE THE MONEY I'VE SAVED TO DECORATE THE FLAT.

TWENTY POUND NOTES... SUCH A NICE COLOUR.

I CHANGED TO FIVERS FOR THE BEDROOM.

PERSONALLY, I THINK IT'S VULGAR.

WE'VE CUT THE COST OF LIVING IN WAPPING

Now, unbeatable prices at New Crane Wharf mean you can live in the finest apartments in Wapping for just £85,000. It's an historic riverside warehouse conversion with spacious studios, 1 and 2 bedroom apartments. Set around a cobbled courtyard with select shops, all offer private underground parking and 24 hour portorage and there's a first class restaurant as well. View today and take advantage of these never to be repeated prices.

Three new show apartments open daily 11am - 6pm, studios £85,000, 1 bedroom £110,000, 2 bedroom £150,000.

Telephone (24 hours)
01-488 1303
SAVILLS

NEW CRANE WHARF

New Sales complex at Wapping Wall by corner of Garnet Street, 250 yards from Wapping tube station. A joint development by Conran Roche Developments, Capital and Counties plc. Project Consultants Heron Homes.

IMMEDIATELY AVAILABLE!

Designed

CENTRAL LONDON HOUSES FOR THOSE WHO APPRECIATE THE FINER THINGS IN LIFE

Tarrant Place is a unique cluster of new but distinctly classical houses designed by Quinlan Terry. These beautiful Georgian houses are set in a quiet courtyard off Wyndham Place only minutes from Oxford Street, Baker Street and Regent's Park.

Through a splendid columned archway crowned by a Venetian window, you enter a haven of tranquility. Traditional building techniques and quality materials have been used to create eleven truly elegant properties that reflect the grandeur of Maylebone.

Underground parking is available by special arrangement and keypad operated security gates to the courtyard add that final comforting touch.

Tarrant Place is found by St Mary's Church, Wyndham Place, off Crawford Street, W1. The showhouse is open Monday to Friday 12 noon - 7pm, Saturday and Sunday 12 noon - 5pm, (01) 724 2404. An illustrated brochure is also available through Lovell Homes London (0893) 621100 or Egerton Estate Agents (01) 584 7020.

Lovell Homes
We're different. We think.

Two bedroom houses from £350,000 Three bedroom houses from £475,000

TARRANT PLACE
CRAWFORD STREET, W1

Prices correct at time of going to press and exclusive of ground rent and service charge.

VICTORIAN RECTORY
THE ROCKERY Stepney E1
Elegant grade II listed former Rectory Refurbished to provide 9 large and fully unique apartments. Walked and landscaped gardens, secure parking, luxury finish, 10 minutes to tube to the City.
Prices from £200,000 Leasehold
HAMPIONS
Residential Developments
Tel: 01-730 3371

MARBLE ARCH LONDON W1
Impressive double-fronted period terraced house converted into 8 self-contained double studio flats. Currently run as an up-market letting operation. Featuring a superb Reception Hall/OH and top quality finishes throughout.
FULL VACANT POSSESSION Lease 30 yrs Rent £1000 p/w (fixed) PRICE £358,000
GRAHAM HARRIS
01-724 9423

MAYFAIR, W.1. An immaculate one bedroomed with ensuite bathroom and good reception area second floor flat in a prestigious Park Lane block. 1,900,000 Leasehold 70 years. Harrod. 01-495 3600.

REDFERNS prime, semi sport home with security of lease. Charming small railway villa with large garden and garage. 3 beds, 2 baths, 2 reception, kitchen/breakfast room. 4 1/2 years registered rent £10,000 p/w premium £100,000. Harrod. 01-495 3600

SWITZERLAND
Sale to foreigners authorized
Lake Geneva & Mountain resorts
You can own an APARTMENT or CHALET in: MONTREUX, CRANS-MONTANA, VERBIER, VILLARS, GRIMENTZ, CHATEAU-D'OXE, region of Gstaad, LES DIABLERETS, LEysin, JURA, etc.
From Sfr. 160'000.— Mortgages 60% at 6 1/2% interest, 5-20 years.
52, rue de Montbrillant - CH-1202 GENEVA
REVAC S.A.
Tel. 41.22/734 15 40 - Fax 734 1220 - Tx 22 080

SUMMER
in St. Tropez
Visit your villa at PARC BELLEVUE, stay in our *** Hotel nearby. We are building 15 exclusive villas at a high specification with panoramic views over the bay of St. Tropez. 2 to 3 bedrooms, prices from £100,000 to £200,000. Facilities include 3 pools, tennis. Up to 10% mortgages at 6.5% interest rate. Please contact the developer for brochures.
SOFIM - Parc Bellevue - RN 9, F 8310 COGOLIN - Tel. 33/4434321 or 94434802 - Fax 94434839

FENAU
DEVELOPMENT OPPORTUNITIES IN PORTUGAL

1. Large ocean-front villa in Estoril, private access to beach. 1,200 sq m. site, needs complete refurbishment, could be divided.
2. Building site central Lisbon, planning for construction of 3,000 sqm.
3. 8 miles from Lisbon, large industrial site: 40,000 sq m. with 24,000 sq m. of warehouses, could be easily divided and let.

LISBON OFFICE:
Telefs. (01) 65 22 74 / 86 48 11
Fax: (01) 69 31 07

CELBRIDGE MEWS, W2
2 new houses from £297,500 3 bed, integral garage, double glazing, cobbled courtyard. 10% Fixed Mortgage for 2 years available.
Tel: 01 938 4311 for full details.

MAYFAIR FREEHOLD HOUSE
Presently divided into 3 flats, 2 have 2 bedrooms, 1 has 1 bedroom, including garage.
£700,000
Tel: 01-236 4707 between 7.00-9.00pm

INTERNATIONAL PROPERTY
A CHALET FOR THE PRICE OF AN APARTMENT
Chalet from £20,000 apartments from £20,000 in the French Pyrenees. Extensive skiing. Excellent for summer holidays. 60 miles from the Mediterranean sea.
Also properties in select Alpine resorts - Tignes, Vallee de la Guaz, Valmorel and La Plagne.
TITHEBARN INTERNATIONAL PROPERTIES
Tel: 051-727 4841 & 081-825 9746. Fax: 0201-326 4452.

MOUGINS - NEAR TO CANNES
Excellent designed villa in a peaceful sunny location. View over the old village. Immaculate condition. 2 reception - 1 dining room - 4 bedrooms - 3 bathrooms - garage room - garden's flat - swimming pool with pool house - attractive garden - REF 1203 - Price £450,000 FF.
JOHN TAYLOR
95/96 Cannes, France.
Tel: 01-866-9177 Fax: 01-866-9171

CENTRAL FLORIDA USA
Commercial and residential developed plots and properties in High class localities. Full leisure and golf facilities.
SHARMAN & SHARMAN
431 Alexandra Ave, Harrow, Middx
Tel: 01-866-9177 Fax: 01-866-9171

FRENCH CHATEAU
Apartments and uncompleted conversions for sale in French Chateaux. From £25,000. Contact the developer direct for brochures.
L'Herminette Properties
0204 27202, Fax 0204 27209

del, in lito

TRAVEL

Collisions on the Silk Road

Christian Tyler takes the hard route to the cultural melting-pot of Turkmenistan

INSTEAD OF turning north towards the canal and the desert, the bus continued eastwards into the new city. Where the cracked concrete apartment blocks pattered out it halted, beside a drab marketplace selling old shoes, kitchen utensils and the other detritus of a poor urban society.

Other bazaars along the Silk Road are picturesque. The Uzbek market in Tashkent or the Hui Muslims' kiosks in western China - and some may be bigger. But the sight of these tall Turkic people flocking together at a desert crossroads as their nomadic predecessors have done for centuries strikes the European with the force of a physical blow. It is a real culture collision. No wonder the guardians of socialist achievement, who prefer to display their minority races in well-drilled, folkloric groups, tried to take us elsewhere.



The mausoleum of the Sultan Sandzhar in Merv, Soviet Central Asia

the region might seem unnecessarily like a punishment. The temperatures are extreme and the risk of illness high (nearly a third of the Unesco group was afflicted and one was admitted to hospital with dysentery). But the determined traveller will discover plenty to excite his curiosity. For the collisions still continue on the Silk Road.

Central Asia's colonisation by European Russians 100 years ago is vividly recalled in the acacia-lined avenues of Ashkhabad itself. Half the women out shopping are indigenous Turcomans, tall and graceful in their traditional dress. Beside them march the lumbering Russian housewives with padded hips and thick white calves under short skirts.

Increasingly outnumbered, the city-dwelling Russians are understandably alarmed by the recent explosion of racial strife on the fringes of empire and by the possibility of a nationalist, Moslem revolt. There is no sign of that yet, but symptoms of the Communist Party's fear include its revival of atheist instruction and its warnings about the broadcasts coming over the mountains from Iran.

with the cagey observation that "the only difference between the Communists and us is that they don't believe in God and we do". The habits of Homo Sovieticus die hard on the edge of his empire. In Moscow they are throwing caution to the wind. A young civil servant stands in Red Square, pointing out Stalin's burial place and says: "That's where they put the bastards". The slogans and hearings have come down there are one-armed bandits in the foreigners' hotels, youths tout for taxi fares at hugely inflated rates and the number of prostitutes openly soliciting for custom has soared.

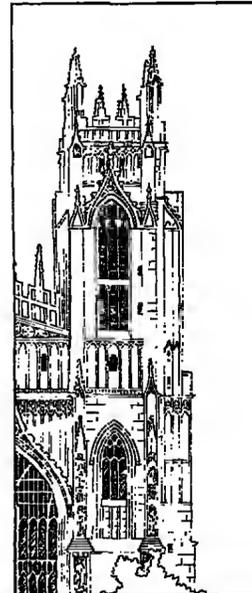
Among the monuments scattered over a strange and desolate plain outside the modern city of Merv is one of the largest mausoleums in central Asia, the tomb of the Sultan Sandzhar who died in 1587. Also well preserved is the smaller tomb of Muhammad Ibn Zaid, set in a grove of feathery saxaul trees from which votive ribbons flutter. Most of the conquerors of history have marched into the Ashkhabad - the Achamenids of Persia, Alexander of Macedonia, the Arabs and the son of Genghis Khan at the head of his Mongol army. The eroded mudbrick fortress of Kyz-Kala, with its huge truncated columns, dates back to the 6th century BC.

TRAVEL BUSINESS

Charter chaos averted

THE 150,000 or so holidaymakers who have still to fly on a Paramount Airways charter flight to the Mediterranean and beyond this summer can breathe a collective sigh of relief. Concurred actions by tour operators and accountants from the London firm of Spicer and Oppenheim this week prevented what would have been a major disaster for the travel trade.

COUNTRY PROPERTY



Beautiful Flats in Beautiful Beverley

Situated in nearly three acres of parkland, very close to the town centre in this delightful spot are just 32 luxury two bedroomed flats, with private swimming pool and sauna.

MANOR LAWNS • LONG LANE OFF KELDGATE • BEVERLEY

Talk to our Sales Representative on 0482 863222 or visit our Sales Centre open: Weekdays 11am-5pm, Weekends 11am-5pm, Closed Wednesdays. Or talk to Turner anytime about a site in the North East on 0709 535227



Advertisement for James Harris Hampshire Fishing. Features a photo of a fisherman and text describing 'The Dun Fishery in the Test Valley' and 'The River Itchen at Winchester'. Includes contact information for James Harris.

Advertisement for flights and holidays. Includes a table of flight fares to Florida, Caribbean, Bahamas, London, New York, and Los Angeles. Also lists 'Super Fares' and 'Discount Fares'.

Advertisement for 'Hambly School of Yachting' and 'Thai Yachting Co.'. Includes details about yachting courses and charter services.

Advertisement for G.W. Finn & Sons, Chartered Surveyors. Features a photo of a large building and text about residential services in Ashford, Kent.

Advertisement for Malpas, South Cheshire. Describes an 'outstanding Elizabethan Manor House' with 100 commanding countryside views.

Advertisement for West Sussex Henfield. Describes a 'charming Grade II listed farmhouse' with 3 acres and 3 bedrooms.

Advertisement for Carter Jonas, Estate Agents. Describes a 'Shropshire, Bridgnorth' property with 3 bedrooms and a large garden.

Advertisement for Suffolk. Describes a 'Dream Cottage' with 3 bedrooms and a large garden.

Advertisement for East Bercholt, Colchester. Describes a 'charming development' with 3 acres and a 4 bed house.

Advertisement for Equam Surrey. Describes a 'Late Victorian House' with 5 bedrooms and a swimming pool.

Advertisement for Chichester Harbour. Describes an 'exceptional quiet waterside villa' with 5 bedrooms and a double garage.

Advertisement for Northamptonshire. Describes a 'Village 8 miles N of Northampton' with 3 bedrooms and a large garden.

Advertisement for Cornish Manors. Describes 'New 20 bedroomed Holiday Homes' in Cornwall.

Advertisement for The Cliffe Tavern Hotel. Describes a 'Historic 17th Century English Pubhouse' in the center of a charming village.

Advertisement for Jessica Perry. Describes 'Special interest holiday homes' in Devon and Cornwall.

Advertisement for Stephanie Spratt. Describes 'Special interest holiday homes' in Devon and Cornwall.

Advertisement for Karakorams Himalayas. Describes 'Rajasthan pushcart camel fair' and 'South India Special'.

Advertisement for Fairwater Head Hotel. Describes a 'Historic Devon Exquisite' hotel in the West Country.

Advertisement for British Museum Classic Tours. Describes 'New Tours for 1989' including 'The Icons of Russia' and 'Arctic Canada'.

Advertisement for Equinox Travel Ltd. Describes 'Bedford Chambers' and 'The Piazza, Covent Garden'.

Advertisement for Karakorams Himalayas. Describes 'Rajasthan pushcart camel fair' and 'South India Special'.

Advertisement for Casa Colonial. Describes a 'large selection of Castles, Luxury Villas, Farmhouses and Apartments'.

Advertisement for Antiquities Tours. Describes 'British Museum Classic Tours' and 'The Icons of Russia'.

Advertisement for AFRICA. Describes 'CAMPING SAFARIS' in Tanzania, Kenya, and Rwanda.

Advertisement for HIMALAYAN QUEST. Describes 'Specialist adventure holidays' in Nepal.

BOOKS

IN NOVEMBER 1934 T.S. Eliot's Sweeney Agonistes received its first performance in an upstairs room at 9 Great Newport Street near Leicester Square. The production was by the Group Theatre (nothing to do with the American Group Theatre formed around the same time) the director was a ballet-dancer named Rupert Doone, the masks were by Robert Medley.

Drama when poets grouped together

Anthony Curtis on Auden the playwright

PLAYS AND OTHER DRAMATIC WRITINGS 1928-1938 by W H Auden and Christopher Isherwood edited by Edward Mendelson

Faber & Faber £25.00, 680 pages

The London Theatre Studio run by Michel Saint-Denis whose uncle was Jacques Copeau. Ashley Duke (Marie Rambert's husband) had acquired the small Mercury Theatre to inaugurate a renaissance of poetic drama without any admixture of politics; he tried to woo Yeats away from Doone.

In spite of all this in-fighting, Doone was still left with a brilliant hand of trumpets for his new Group Theatre seasons. The wealthy actor and impresario, Amner Hall, made the Westminster Theatre available to him. Doone's chief writer was Auden working in collaboration with Christopher Isherwood. They were joined later by Louis MacNeice and Stephen Spender. Doone's choice of Murrill to compose most of the music instead of Auden's choices, Tippett and Britten, then aged 21, seems at this distance of time, unfortunate.

The beneficial effect of Isherwood's revisionary blue-pencil working on Auden's first drafts is seen in this collected edition of his Plays, edited by



Masks sketched by Henry Moore for 'The Dance of Death'

The American scholar Edward Mendelson. It is the first volume to appear in what will be the Complete Works of Auden, under the Faber imprint in the UK, but printed initially by the Princeton University Press who have made a fine job of it, with a nice cloth binding in burgundy for this volume and gilt lettering on the spine.

The volume contains much that has never been published before, let alone produced; it gives the texts of the poems Auden wrote for the films made or mooted by the GPO Film Unit and the Group Theatre's own Film Group, Coal Face, Night Mail, Negroes, The Way to the Sea, Londoners.

It also has a number of appendices containing manifestoes and lectures which Auden gave on the drama, and an essay on the Group Theatre by Michael Sidnell to whose book

mine, a reformatory school, and a young man in disguise as a dog Auden was dissatisfied with it as soon as he had finished it. He sent it via Spender to Isherwood, then in Copenhagen, who suggested slashing everything except the canine disguise motif and a complete re-write.

The result was The Dog Beneath the Skin given at the Westminster Theatre, directed by Doone, in 1936. Though the reviews were not universally ecstatic it suggested, with its eloquent state-of-the-nation choruses by Auden, and its depiction of rural life, that the Group was capable of something more substantial than mere Berlin-style cabaret theatre; it is the best of the Group Theatre plays and the one which our present National Theatre should revive.

The later full-length plays were even more ambitious, but their pristine topicality has tarnished to dullness: P6 which was done on radio fairly recently with Britten's music, rejected by Doone, does not stand up at all well in our post-Frendian era; nor in a world dominated since then by real, divisive frontiers, does On The Frontier make its original impact. There remains, however, much to enjoy in both texts and they offer the biographically-minded reader some clearly spelt-out reasons for the rejection of England by the two authors. A year after completing their last play both of them left these shores for good for the United States.

By 1939 the great epoch of the Group Theatre was over, though it continued to do intermittent productions and did not finally expire until 1956. Doone stepped down from the public stage to become full-time what, among his other avocations, he always had been, an inspired teacher; he was appointed director of the Theatre School at Morley College.

Social browse through the Impressionists

IMPRESSIONISM MAY constantly change its shape in our view, as scholars and critics pull that infinitely flexible and no less seductive corpus now this way, now that, but its appeal remains quite undiminished. And quite what Impressionism is, or was, remains as various, ambiguous and fascinating a question as ever.

The proper study of painting is, before anything else, the study of what the artist does, alone, on the surface of the canvas, as much for the marks he makes and the process and quality of the making, as for the imagery, reference and apparent preoccupation. But these are difficult, practical and imponderable considerations, hard to pin down in essay or seminar, and Professor Herbert of Yale will not be the last scholar to choose rather to commit himself to something more tangible.

We live in a material and, for most of us, comfortable age and Paris of the later 19th century, in all its hedonism and amorality, speaks to us directly. It is far enough to excite the Parisian Society of the Second Empire and the Third Republic that followed, through the medium of the art of the great painters of the time, principally Manet, Renoir and Degas. But we should be clear what kind of examination it is.

Herbert's study is densely fascinating and informative, and as handsomely produced and copiously illustrated as we

IMPRESSIONISM: ART, LEISURE AND PARISIAN SOCIETY by Robert L. Herbert Yale UP, £29.95, 324 pages, 311 plates

would expect of any Yale publication. It is in many ways a splendid guide book and social history, but it is neither art history nor criticism, and in its sociology it is tendentious, earnest and sadly unscrupulous of the current orthodoxies of feminist interpretation.

The Professor is free of course to write as much social history as he likes, but we can only hope that the art history schools of the great universities are not to be taken over by sociologists. I wish too that he would write with a lighter touch, or is it that insistently American usage grates only on English ears? "I am sensitive," he says in his preface, "to feminists' objections to the eternal he when referring to a genderless person... I therefore introduce 'she' instead of 'he' from time to time, to alert the reader to the need to avoid talking the masculine as normative." Oh dear.

But it is as easy as this. The mercurial objection is to the over-literal reading of too many images made by artists; for other reasons than



Degas' portrait of Mary Cassatt, c.1884

high-minded social comment, artists manipulating a formal relationship for practical pictorial effect. And there is the intrusive reading that colours the text throughout, to its disadvantage. In making the nice point, for example, that Mary Cassatt's "Woman in Black at the

Opera", in contrast to images of such women painted by men, is actively viewing the company herself through her opera glasses, he notices that "a boorish man in the distance leans out of his box to point his glasses in the viewer's direction." But that figure is only roughly indicated, and

had been described in perfect detail, would it still be "boorish" to do what we all would do ourselves in that idle moment of waiting for the show to begin? Professor Herbert has written an irritating, fascinating book.

William Packer

Dark horse in the desert

PAUL BOWLES is the dark horse of American literature, a writer who has abandoned certain fame in New York literary circles for exile in North Africa. His work is widely known yet seldom read; his name vaguely familiar yet never entered on to the list of major American authors. Even closer reading of his work, including his just-the-facts autobiography Without Stopping, yields little sense of one of our era's most talented writers. Christopher Sawyer-Lauccano's excellent biography does much to remedy this situation, creating a vivid portrait of a writer whose life has been an exemplary quest for creative integrity.

Bowles was born in New York in 1910 into a somewhat less than idyllic family situation - his father, a dentist who had wanted to be a concert violinist, seems to have tried to kill the infant Bowles. Not surprisingly, Bowles led an unhappy childhood under his father's tyrannical reign. The sensitive boy responded by withdrawing into a fantasy world, writing epic poems about drug addiction and adultery before reaching the age of ten.

poetry in the avant-garde journal, Transition, alongside Joyce, Evans and Gertrude Stein. At nineteen he embarked for Paris and spent the next few years travelling between Europe and Manhattan, using his good looks, charm and talent to impress many of the leading artists of his time - Stein, Copland, Cocteau, Isherwood (who used Bowles's surname for his most famous character, Sally Bowles). He also discovered Morocco, a place which was to play a larger and larger role in his life as Bowles became more committed to work than globe-trotting.

Despite his glitzy social life, Bowles created little of enduring merit during the 1930s. He worked primarily as a composer of incidental music, teaming up with Dall, Tennessee Williams and Orson Welles. He also married Jane Amer, an unbalanced lesbian who was to remain tortuously bound to Bowles until her death 35 years later. It seems an unlikely union, yet Sawyer-Lauccano's rigorous documentation of their marriage shows that Jane was looking for an emotional anchor, while Bowles, who appears to possess an aversion

THE INVISIBLE SPECTATOR: A BIOGRAPHY OF PAUL BOWLES by Christopher Sawyer-Lauccano Bloomsbury £25.00, 501 pages

to sexual contact, wanted the detached intimacy a lesbian wife could provide.

By 1948, Bowles had become unhappy with composing and began to return to the mode of expression he had used to escape his father - writing. Success came quickly. Not surprisingly, the setting for most of his fiction of this period was North Africa, a region which had begun to dominate his life. He bought a house in Tangier and began work on a novel, The Sheltering Sky, published in 1949. The book was to become both a critical success and a bestseller, placing Bowles at the front rank of his literary generation. Yet he refused to parlay this success into celebrity, remaining instead in Morocco, writing novels and short stories which dealt with disastrous attempts by Westerners to confront strange cultures.

The enigmatic, marijuana-smoking writer of often shocking fiction soon became an icon of sorts for the Beats, attracting visits by the likes of Ginsberg and Burroughs. Regardless of this notoriety, Bowles continued to focus his considerable talents on the desert, soon writing stories with Western characters, compiling audio archives of Moroccan folk music, translating tales by native writers. Jane's troubled sexual and mental life further contributed to Bowles's withdrawal and Beckett-like search for meaning. Her death in an asylum was, for Bowles, the end of "the good years."

Since the 1960s Bowles's transition from best-selling novelist into an eccentric cult figure has become complete. As Sawyer-Lauccano points out - "The American expatriate as an interesting character, in life or in art, milked so well by the 'lost generation' of the 1930s, was no longer in vogue." The current preoccupation of American writers and readers with their own culture has marginalised Bowles, who continues to live in Morocco. It is fitting and somewhat heroic that the boy who opposed his

Government's observed

POLITICS FOR A RATIONAL LEFT by Eric Hobsbawm Verso £29.95 (£8.95 paperback) 250 pages

ERIC HOBSBAWM, born in Alexandria, educated in Vienna, Berlin and London, and now an honorary fellow of King's, Cambridge, has a wide horizon which inclines him not so much to see everybody's point of view as to see through it. He here re-prints a series of essays half historical, half political, written from 1975 to 1988, and adds a short and stirring call-to-arms dated January 1989.

Captious critics may regard the history as a little short on facts and figures and a little long on cloudy abstractions like "sectionalism", "bourgeois anarchism", "de-industrialisation" and "militant economism" (sic). But the perceptive reader will, I think, note that these nebulous appertitions haunt his pages in ever lesser numbers as the 1980s decade marches on. His mounting exasperation with the present Prime Minister's policies may partly account for this. Even the most charitable critic will find him weak on

Fiction Hapless young men on the loose

MAN'S WORK by John Connelly Penguin £4.99, 237 pages

MEN BEHAVING BADLY by Simon Nye Penguin £4.99, 218 pages

THE MARQUESS OF WESTMARCH by Francis Vernon Gollancz £12.95, 272 pages

THE BRUTAL HEART by Stuart Hood Carcanet £12.95, 191 pages

both love, the landlady they comfort. Gary and Dermot are sympathetic characters, one a dry, inexpressive stamp-dealer, an only child who hoards his money and emotions; the other an effusive, fast talking department store salesman, a graduate who has held numerous menial jobs.

Simon Nye reveals their affectionate, competitive relationship through amusing jocular dialogue; he is less convincing on the women, who seem to emerge from male fears and fantasies. But the novel's real weakness is its rambling plot. Perhaps if some of the episodes had been cut and the plot tightened we might hang on the room-mates's words a bit more, rather than wait for them to start their Sunday breakfast.

Francis Vernon sounds like a prodigy. At eighteen she published her first novel, Privileged Children, which won the Author's Club First Novel Award. The Marquis of Westmarch is her fourth novel and she is only twenty-four. Vernon has set this romance in an imaginary island but its court intrigues and political marriages, its sexual codes and role-playing are familiar. Once we discover the Marquis's interesting secret - because of a mistake by her nurse at birth she has been brought up as a boy - and the clandestine affair with Knight Aurio begins, the novel comes alive. The dialogue sounds less wooden, the actors more com-

prehensible. Though the writing is marred by clichés, and an odd mixture of realistic dialogue and almost campy speeches, we do care what happens to the Marquis; and her confusion over her sexual identity and rebellion against the restrictive roles of women are fascinating. In The Brutal Heart, Stuart Hood contrasts two political generations, the old Left and the activists of the 1960s. Alastair is a writer and translator, a lapsed member of the Communist party who feels out of touch with the language and tactics of the student movement. He is very much a loner, estranged from his wife and uncomfortable with his son, an avant garde photographer whose radical friends include a group of German terrorists. After Alastair becomes involved with one of them, he must confront his own complicity in the murder of a young working-class German boy who tried to leave the group.

Stuart Hood raises familiar but stirring questions about the means and ends of political radicalism, the efficacy of non-violent protest, and the conflict between personal and communal loyalties. But because his characters fail to engage us, the novel's politics, even its tragic deaths seem remote.

Only Alastair emerges a complex interesting figure, a humanist who has never been able to love anyone but his childhood friend; the others, his strident son and dreamy photographer wife, his German terrorist lover whose every utterance is a political platitude, are one dimensional characters who rarely command our respect or sympathy.

Though this is very much a 1960s novel, it never feels nostalgic and apart from a few descriptive details - a mention of the Vietnam War and student sit-ins - we have very little sense of the period. With a few changes it could very easily be a novel about the 1980s, and perhaps this is the book's strength and its weakness.

Wendy Brandmark

in California - lovingly described. A small community, including some artists, some retired people, some idlers, is afflicted by a series of thefts, then by murder.

The local cop - as usual, divorced and attractive - unravels the case (and, at least temporarily, solves the matter of his loneliness as well). The prose is no more than serviceable, but the pace is so brisk that the fussy reader will forgive some lapses in syntax.

Head of a Civic Foundation in a small New England city, Jenny Cain - Nancy Packard's likeable, well-established heroine - is approached to support a project involving the mentally ill. It also involves some potentially valuable real estate in an upwardly mobile (and unreciprocated) neighbourhood. The violence that ensues is naturally blamed on the vulnerable and unstable potential beneficiaries of the Foundation's project.

William Weaver

Summer Crime

BED OF NAILS by Andrew Puckett Collins £10.95, 182 pages

DEAD SPIT by Janet Edmunds Collins £10.95, 176 pages

UNORTHODOX METHODS by Deborah Valentine Gollancz £11.95, 189 pages

DEAD CRAZY by Nancy Packer Collins £10.95, 276 pages

tension never goes slack. Along the way we learn a lot about Dog - shows and dog-broader - but the author is never didactic and the knowledge is never extraneous to the plot.

Unorthodox Methods by Deborah Valentine is a good first novel in an unusual setting - the lake Tahoe area

With some help from her amiable policeman husband, Jenny uncovers the real, supposedly sane villain and saves the plan. The story is told with wry humour and with the author's usual sensitivity.

William Weaver

From 1945 to 1960 the normal process had been restored; and so by and large were electoral results; until in the 1960s both the News Chronicle and Daily Herald (neither of which Professor Hobsbawm mentions) disappeared and by the 1980s both the press and electoral balance became more uneven than at any time before.

Professor Hobsbawm does mention the Sun; and he might have added that one could perhaps learn more about the mind of the British electorate by reading nothing but the Sun and the News of the World for six months than in any other way.

However that may be, his political message by 1988-89, had become markedly in his own words more "rational". He finds many parts of the Labour Party policy reviews "convincing" as well as "expressed with clarity" and Bryan Gault's contribution "both clear and positive." In his grand 1989 finale he calls - in plain words this time - for the "defeat of Thatcherism," as the "essential task of all British politics" to be achieved by "an electoral agreement between Opposition parties."

in his account of the electoral fortunes of the British parties since 1945, to which he gives much space, there is, I believe, one rather glaring omission. He scarcely mentions the influence on the electorate of the sweeping changes in the British press between 1945 and 1980. The 1945 election was unique in this century in being held after six successive years with no party-political propaganda in the press. The result was unique, also.

Douglas Jay

DIVERSIONS

On Top of Africa: Simon Vail starts a three-part series on climbing there by tackling the biggest peak

Kilimanjaro: more agony than ecstasy

THE ATTORNEY'S nerve faltered at 16,500 ft. He pleaded with William, the guide, to slow the pace. Three of us stood shivering, hunched up against the bitter cold, stealing tiny lungfuls of air. William only smiled, lit a cigarette and said: "Okay, we rest a while."

time he took a stride, he would stretch three inches further than me. Slowly, he would draw ahead. I could match his pace step for step but, inexorably, his rear heel would move away from me. I wanted to rest. I was fine but I just wanted to pause and then I would be able to continue.

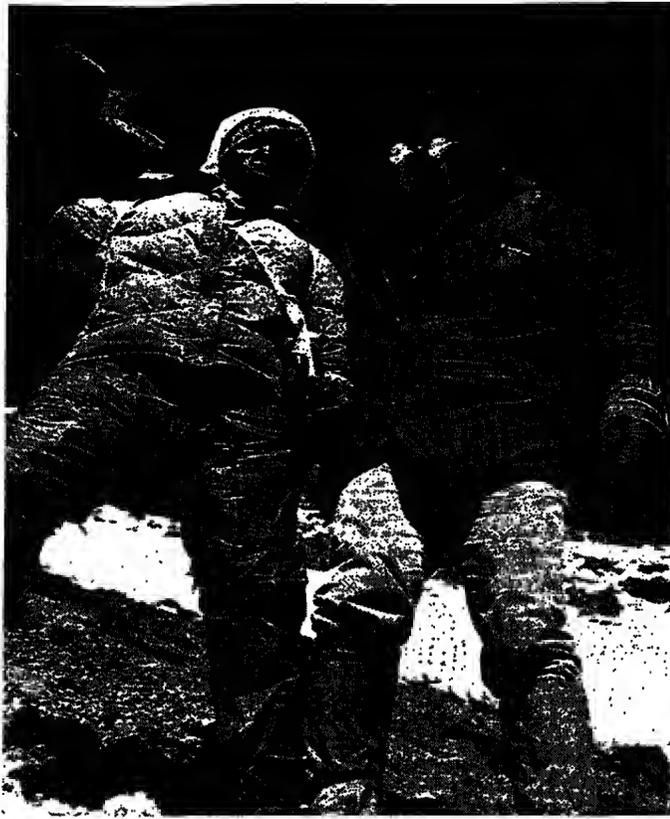
'Every step was an effort and every breath a wheezing pant'

should you miss your footing. Every step was an effort, every breath a wheezing pant. The mountain felt treacherous, unstable, a fluid mass of grit and snow.

The coldest dawn we had ever experienced was beginning, miles below the 17,000 ft jagged stump of Mawenzi. The torch failed. We could follow William's footsteps only by keeping one pace behind him. The air grew colder, the wind stronger. Our chests were bound with steel rings, each speech slurred. We climbed in a silence broken only by the sound of gasping breaths and boots crunching snow.

Most tourists make the ascent to Gilman's by a series of traverses, crossing and recrossing the scree in 40-pace zig-zags, but the thick snow that had fallen earlier in the night forced us to make our way up in a painful straight line. The final 300 ft of slope below Gilman's was strewn with boulders covered in black ice. My laboured trudge became a half-crouched scramble. We collapsed at Gilman's in a breathless heap, half-strangled by the thin air.

Underneath it, and split by the mountain, stretched the Tanzanian plains and Kenya's Amboseli game park. To my left stood an ice cliff that turned from pink to startling white as the sun crept into the sky. Our eyes were dazzled, and we pulled on dark glasses. We were in a strange world of glaciers, ice caves, snow-filled craters and treacherous chasms. This was our reward, after 3 1/2 days of hard walking.



Simon Vail and his African guide pause for a much-needed breather on Kilimanjaro

fingertips did not return for three weeks. But I wanted that summit. I swayed in the snow, trying to put on my day-pack. Altitude numbed my brain. My arms would not go where they were told. Conan and the guide had disappeared, heading for the top. Why wouldn't they wait for me? It wasn't fair, I muttered, I was only trying to put on my pack. I followed their footsteps along a snow-covered ledge. This was different. This was much worse. I was scared. I sank up to my thighs in

freshly-fallen snow. I thrashed at the white powder, slipping on the ice-covered rocks hidden underneath. I was not in control, had lost my rhythm, and the air was pitifully thin. There was no path to follow. But Conan and the guide waited for me, sheltering behind a rock. We set off as a tight group. I would move well, breathing regularly, find a pace and then weaken. Conan would overtake me again. I began to fall behind.

Uhuru Peak was not the only one we had to climb after Gilman's. False summits lay in wait - but it was never this one, always the next. The wind began to blow more strongly, whipping stinging needles into my face. I began to feel very sorry for myself. I wanted a handkerchief, but that was 4,000 ft below. My right eye began to hurt, filling with sun cream and tears. I shouted and grumbled to myself, Conan and the guide too far ahead to hear or care.

I could see that they had stopped by the iron tripod that marked the summit, all 19,340 ft of it. The summit plaque was buried in snow. We took a few photographs, too cold and weak to admire the view. Conan strode off at a great pace. Some buddy, I made very slow progress back to Gilman's. I felt sick. Hot water and comfort were still a day and a half away, and 12,000 ft below. The descent from Uhuru was a long route march, sliding down the scree slope we had just climbed during the middle of the night, back down to Kibo Hut at 15,000 ft. Here I

rested for a while before descending to Horombo Hut at 12,300 ft. We had climbed from 15,000 ft. up to 19,000 and back to 12,000 in only 14 hours, most of it in the middle of the night. After a night's rest at Horombo, where the air tasted like port wine, we tramped on down across the moorland, and through the rain forest. We passed Mandara Hut at 9,000 ft with a sneer, shuffling off questions from worried would-be mountaineers spending their first anxious night. We'd been there, done that, piece of cake. I strode, towards the Park Gate, grinning smugly. Then I stopped. On the way down, I had forgotten to sign the summit book at Uhuru. It was a long way back. Next time, I would remember to take a pen. How to get there. From Arusha, take a bus to Moshi. A matatu (local taxi) will take you on to Marangu, where you can climb the mountain in style with the Kibo Hotel or the Marangu Hotel. Alternatively, you can arrange for your own porters and guide at the Park Gate. Park entrance fees and hotel accommodation must be paid for in hard currency. Park fees are \$160 for five days; a hotel climbing trip costs \$250. All kit can be hired. Take a good torch and spare batteries. Make sure you are feeling fit and used to walking. Ideally, you should acclimatise by climbing Mt Kenya (17,000 ft) or Mount Meru (15,000 ft) as preparation. Medical facilities are basic: there is no helicopter ambulance to whisk you off the mountain.

Let's hear it for greenery

Robin Lane Fox puts a case for plain and simple trees

THE SUMMER has now become tough, but a tough year can help gardeners see clearly. Young trees are looking troubled. They are dropping their leaves in self-defence, some are changing colour much too soon; anything which was planted earlier this year is likely to be a skeleton. Strong sunlight also shows up dull performers: it suggests that we neglect the simple virtues and are much too quick to plant fancy varieties.

Fancy tree varieties have had a wonderful run since the mid-1960s. It has been the age of silver-leaved weeping pears, yellow-edged types of maple, purple-leaved prunus, golden robins, and poplars with pink and white splashes all over them. At its worst, it has been the era of one of each, a yellow, a grey and a purple, crammed into a front garden. Our tree-planting in gardens will look none too creditable by the end of the century. All those leylandii cypresses will have grown too big and the fancy trees will be overpowering. Trees are not better because they are freaks. Why can we not all rally, to the virtues of plain, glossy green leaves? This hot summer ought to have convinced us to make a stand. Who wants a purple-leaved prunus in strong sunlight, or a yellow-splashed acer which is turning brown at the edges?

Two years ago, I planted an erratic row of alders and a large number of non-fruiting pears. They are not trees that attract the attention of writers: alders stand as if they belong in bogs and peats, surely, and for fruit. In fact, they look much smarter than the experimental greys or yellows, let alone the trees with finely-cut leaves, most of which look a drooping mess in the heat. Together, they have refuted some old wives' tales. They are a plain, unfussy green and I would like to encourage a taste for them.

It is quite untrue that every sort of alder belongs on wet ground beside a pond. The best of the family grows on stony alluvials, too. The Italian alder, or alnus cordata, can be seen growing on the slopes of north Italy's mountains far away from water or damp ground. My trees are in a shallow soil which is stony and covered with a hefty type of field grass. They are growing rapidly and have looked their best throughout the summer. They produce pretty catkins in late spring; they set firm green cones in summer; the leaves remain a clear green which glistens in the light and does not look fatigued in August.

My trees have yet to produce long catkins and seem to turn black at their tips before opening; otherwise, they have been extremely obliging. Alnus cordata is offered in the big nursery lists including Nurseries of Woodbridge and Hilliers of Winchester. It is not just that its leaves are so glossy: its roots give off traces of nitrogen into the soil, as if they are creating their own dash of fertilizer. The Italian alder is a model member of the European Community and it does not throw its weight around.

I have seen clipped walks of it in the grounds of north Italian villas, but it is not a wide or heavily-shading tree. It grows quickly to a height of 30 ft and remains upright so that it does not spoil a smallish garden. Among fancy foliage, alnus cordata is a riot. So, too, is the form of green-leaved pear which is planted much too seldom. Pear trees used to mean fruit, wasps and drooping yellow-green leaves until gardeners fastened on to "silver weeping pears" and planted them as specimen trees in every self-respecting lawn.

Pictures of the lovely silver pear in Sissinghurst's famous "white garden" helped the fashion, and there was little interest in the rest of the family. A green-leaved tree, pyramidal in form, found few takers. In fact, it is splendid, quite the best tree-leaf I have found for years and admirably untroubled by drought or frost.

Like the alder, its shape is conveniently upright. It does not fret, but in August it covers itself with white flowers (this crazy winter produced them in January). The young leaves are slightly yellow, but the tree's merit is that it improves as the summer deteriorates. By August, its leaves are a gleaming green which reflects the hard sunlight as if summer was just beginning. It has a neat, upright habit, when the leaves turn to a ruby-purple as if it had been force-fed on port. Usually, the trees would be bare until March, but last winter brought them back into leaf by Christmas, since when they have amazed us all by keeping their freshness.

Green and glossy makes "sound botanical and aesthetic sense. The gloss helps a leaf not to lose water in a hot summer; it also pleases the eye by encouraging the play of light. Sometimes, a young chameleon might drop its leaves and show signs of temporary light. It passes, in my experience, and the trouble does not recur. It is a vertical frieze which does not cast a wide shade and can be arranged in a small walk or set along a boundary wall. Like several pillars of the English garden, it was actually bred in America. Seeing it now, I forget that this year has been anything other than severe. It is so much more restful to have a plain outlook on which light dances. It is time we remembered the old wisdom that green in a garden is an important colour, too.

Plants can get sunstroke, too

Arthur Hellyer sees how his garden copes with a hot English summer

IT HAS BEEN fascinating to see the very different effect of southern England's hot and sunny summer weather on a variety of plants. Most roses have enjoyed it, a reflection no doubt of the strong Middle Eastern influence in the pedigree of garden varieties. Their wild ancestors had adapted themselves over many millennia to hot, dry summers, and the ability to survive such conditions remains apparent in the increasingly complex hybrids we cultivate today.

By contrast, hydrangeas have hated the weather, their leaves flagging in the heat and their great buds of bloom only half their normal size. But, as usual, camellias have been little affected, something that always surprises me since you would imagine that their dense covering of evergreen leaves would require a great deal of moisture. Clearly, this is not so, and I assume they have some mechanism to reduce water loss - perhaps the waxes which make the leaves so attractive but reduce evaporation. Rhododendrons have no such aids although they do not depend on moisture quite so much as hydrangeas. Nevertheless, I have had a lot of unhappy-looking bushes in the garden this summer, particularly among the younger plants. On the credit side,

though, most do seem to have found sufficient energy to produce plenty of flower buds for next year's display.

In general, herbaceous plants have suffered but there have been notable exceptions, including the day lilies and the whole range of plants that I still think of loosely as montbretias (although crocosmia is the name under which most of them appear in nursery catalogues now). Obviously, all love the sun and warmth and both old and new varieties have been among the brightest plants in my garden (as well as in many that I have visited).

Most interesting of all has been the reaction of summer bedding plants and annuals. This has been a super year for petunias, which have continued to grow and flower the matter how dry the soil or hot the sunshine. Verbenas also have been an outstanding success and there are some very good new varieties to enjoy this year. Like the bedding geraniums, verbenas rapidly are becoming almost wholly seed-raised plants, since so many of the new seed varieties give results just as satisfactory as those grown in the old way from cuttings - and at lower cost, without the necessity for overwintering plants in a greenhouse. Some of these verbenas will survive mild winters outdoors,



impatiens around in my woodland garden; not just white varieties but pinks, reds, purples and all the other colours now available.

No doubt this will horrify purists ("What? African plants in an English woodland?"). And, intellectually, the criticism is irrefutable although, aesthetically, it seems to have little validity. But what is important to my present theme is that the plants have flourished well in the shade whereas production of flower buds has been inhibited greatly, but in the full sun I am told that, in some hot parts of the US, impatiens is useless for this same reason. All the lavaterras, annual and perennial, have done well this summer and I keep finding new varieties that seem worth planting. One, named Shorty, looks just like the familiar lavatera oblia Rosea but is only about half its height - 3ft against 5-6 ft - while another, named Peppermint, has white flowers with a green centre. Rosemary Vera started rather more than she imagined when, in a cottage garden, she discovered a pale pink lavatera with a draker centre, named it Barley (after her own name in Gloucestershire) and launched it on a receptive world. Now, the search is on for other previously unnoticed variations of this old-fashioned, long-flowering shrub.

Advertisement for Corum watches. It features a large image of a Corum watch with a metal bracelet and a detailed dial. Text includes: 'The Corum Trophy. Based on the ship's clock designed in the 18th century by the famous French royal naval watchmaker Ferdinand Berthoud (1727-1807). A Fellow of the Royal Society, London.' 'CORUM SUISSE' 'Corum congratulates the skippers and crews of the UNITED KINGDOM yachts 'JAMARELLA', 'JUNO IV' and 'INDULGENCE VII' the winners of the Corum trophy - the second regatta in the famous international Mumm Admiral's Cup race 89.' 'Admiral's Cup. A registered model with enamelled nautical pennants marking the hours, water-resistant, in solid gold or steel/gold, for men and women. For further information or for a brochure, write to Corum, 2301 La Chaux-de-Fonds, Switzerland.'

Handwritten signature or mark at the bottom of the page.

HOW TO SPEND IT

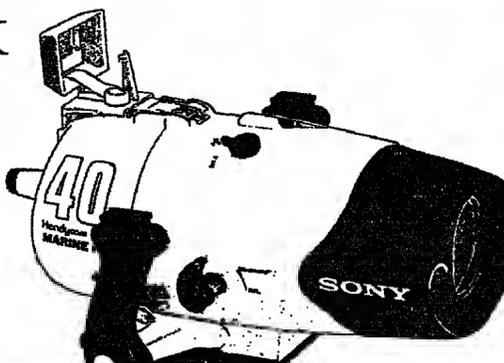
Peter Knight picks out some accident-proof gadgets which can help ensure a happy holiday

In search of a lucky break

IF THE FAMILY insists on (oops) dropping the binoculars and kicking sand in the camera, there are two ways of ensuring a happy holiday: buy cheap or buy tough. When £15 worth of Hammett binoculars shatters on an Etruscan paving stone, it can be replaced without too much anguish. But if you prefer a more polished lens, it is best to go for something tough enough to survive a mountain fall - and that is the Austrian-built Habicht from Swarovski Optik. At £490, the glasses are expensive; but they are really rugged, totally waterproof, and ideal for rough walls, stormy sailing or slippery fingers. Alternatively, the Japanese-made Acquasoft 7x42 (at £269) is designed to do as its name implies and can be scooped from the water if dropped overboard. Both models come in yellow and are capped in black. Most portable holiday necessities such as cameras, video recorders and tape-players are available in "splash-proof" versions. Some are a little tougher than others but these "sports" models resist the occasional bump and splash reasonably well. However, you have to be yellow because that is the colour used by most manufacturers to identify their rugged ranges. Minolta's Weathermatic 35DL (£189.95) is a twin lens (press a button for close-up or wide-angle) 35mm compact camera designed to take snaps in all weathers and which should survive a plunge into the swimming pool. Canon builds a model to go a bit deeper. It comes with various gadgets for use by snorkellers and scuba divers. Sony offers a large "Sports" range ideal for the beach or pool. The Walkman WMB52 (£49.95) gives the expected Sony sound quality from the safety of its water- and sand-proof casing. It also has a built-in solar-powered stop-watch for those clever enough to know what to do with it. A more expensive version includes a radio, and an even more costly model is powered entirely by the sun. There are also separate waterproof "active" speakers (taking batteries) for £50. These are plugged into the personal stereo to make its reproduction more public - a practice that should be discouraged. The Handycam Sports, Sony's 8 mm video recorder, is encased in yellow plastic and the mainly-black controls are rubberised to stop dust and water seeping into the electronics. This version costs £2,000 and has to stay above water. But if you are keen to be submerged, the company offers an £900 underwater camera. The Aquaman personal stereo cover (£12.95) is a glorified plastic bag designed to protect the Walkman from the elements. Similar bags are made to keep your valuables on your person while swimming. The cheapest and most effective is

the Swim Safe (75p at Harrods), a hard plastic cylinder that hangs around your neck and is big enough to take a non-waterproof watch and your ice-cream money. All these devices are sufficiently compact to take on a plane, as are some more ingenious inflatable toys suitable for children and the less grown-up adults. The Ski Bob (£68) is designed to give two people a scary time while being dragged behind a speed boat. When deflated it could, at a pinch, slip under a plane seat, as can the 95-inch long inflatable replica of a blue whale (£22.95) made by Rainbow. For those who don't like the water and can never find a tennis partner, Ken Rosewell has designed a tennis trainer that fits snugly around your neck; it is essential. It might not look chic - but neither will you after a night at the airport without it. All goods are widely available; London stockists include Harrods and Lilleywhites. Lucia van der Post is on holiday.

and scuba divers. Sony offers a large "Sports" range ideal for the beach or pool. The Walkman WMB52 (£49.95) gives the expected Sony sound quality from the safety of its water- and sand-proof casing. It also has a built-in solar-powered stop-watch for those clever enough to know what to do with it. A more expensive version includes a radio, and an even more costly model is powered entirely by the sun. There are also separate waterproof "active" speakers (taking batteries) for £50. These are plugged into the personal stereo to make its reproduction more public - a practice that should be discouraged. The Handycam Sports, Sony's 8 mm video recorder, is encased in yellow plastic and the mainly-black controls are rubberised to stop dust and water seeping into the electronics. This version costs £2,000 and has to stay above water. But if you are keen to be submerged, the company offers an £900 underwater camera. The Aquaman personal stereo cover (£12.95) is a glorified plastic bag designed to protect the Walkman from the elements. Similar bags are made to keep your valuables on your person while swimming. The cheapest and most effective is

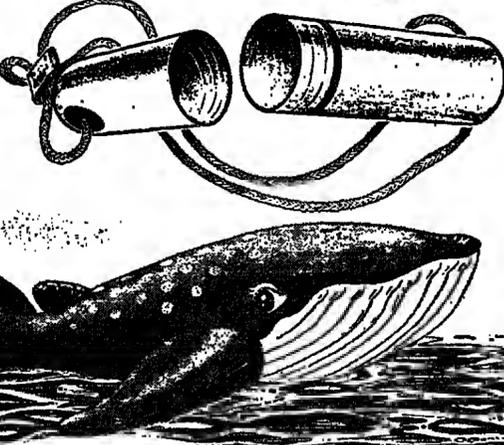


Top, Sony's Marine Pack underwater housing for video cameras costs £300 and enables you to film underwater. Middle, the Handycam Sports 8mm video recorder by Sony is not waterproof but is protected against sand and dust, £2,000. Right, the Japanese-made Acquasoft 7x42 binoculars do just what their name implies. £269



James Ferguson

The Ski Bob (£68) gives up to two people a hair-raising ride behind a speedboat. Below right, 95-inch long inflatable whale, £22.95, made by Rainbow. Above right, the Swim Safe, just 75p from Harrods, keeps your money and watch dry



Cookery. Is there life after butter?

IN DAYS gone by, the boiled and buttered routine was the usual way to serve vegetables in Britain. Whichever beans, carrots or whatever were bubbling on the stove, the cook would reach out one hand for the colander and the other, just as automatically, for the butter. Old reflex actions die hard, although there is no denying that the ritual smothering of vegetables with butter is delicious. However, concern about cholesterol is encouraging many of us to curb our buttering instincts. So, is there life after butter? What are the options? Margarines, butter substitutes and low-fat spreads were invented for those who may care for their health but not for good eating. No self-respecting gourmand would dream of letting them anywhere near a vegetable. Oils are the thing to go for if you crave a flavour-some lubricant. Sunflower, safflower, soya, olive, walnut, hazel and sesame oils all are virtuously low in saturated fatty acids, so they make good choices if you are counting your cholesterol intake (although they won't help much if you are counting calories, too). The last four are, however, so well-flavoured that just a few drops are enough to give vegetables an appetising gloss and to season them deliciously. Some cooks have taken things a step further. Instead of dressing vegetables with oils extracted from nuts and seeds, they use the nuts and seeds themselves - a fine way to keep fat levels low and to add extra crunch. Once you have tasted green beans (runner, French, helga, hobby, flat beans or whatever else the trader cares to call them) garnished generously with toasted hazel nuts, I am prepared to bet that you won't waste too much time pinching butter. Broccoli and almonds are a classic twosome. Also to be recommended are crushed walnuts scattered over the first of the new season's leeks, steamed lightly. Try baby beet-roots rolled in sesame seeds, grilled red peppers sprinkled with pistachio, and spinach with pine nuts. Sometimes, I mix a little pinhead (coarse) oatmeal with the nuts or seeds, a fragrant, and tasty Scottish trick now lauded by nutritionists who rate oats as a valuable form of preventative medicine - a rich source of a soluble fibre called beta-glucan which can help to reduce levels of cholesterol and sugar in the blood. From an eating point of view, the important thing about nuts and oatmeal is to toast them to intensify their nutty sweetness. Use a dry frying pan or cook them under the grill or in the oven. But watch them like a hawk or you'll end up with burnt offerings. Another agreeably nutty effect can be achieved by finishing vegetables with a mustard-seed glaze. Use black mustard seeds, which can be bought fresh. Oriental and health food shops and some delicatessens. Put one heaped tablespoon of them into a hot pan just flamed with oil. After a few seconds, when the seeds begin to pop, tip the contents of the pan over 1 lb or so of cooked vegetables and toss to

Philippa Davenport

Food for Thought Pass the proper pâté

THE PHRASE "I do like your pâté" used to be the standard put down in French households when you wanted to draw attention to the poor quality of the foie gras. As every gastronomically literate French man or woman knows, foie gras is not pâté but the whole or reconstructed liver of a fattened goose or duck, and pâté de foie gras is made largely of pork. Pâté de foie gras has earned itself a bad name since its invention late in the 18th century. The probable creator of the dish was an Alsatian chef, Jean-Pierre Clouse, who was the cordon-bleu to the Marechal Marquis de Comtes from 1779 to 1783 (although, very soon after this date, imitations were being made in Périgord, which had the advantage of possessing a local source for truffles). Clouse's pâté consisted of a round pastry case filled with fat livers laid on top of a stuffing of finely-chopped fat pork and veal. The pâté was then covered with a pastry lid and baked in a low oven. Contades was so pleased

with his chef's invention that he sent a pâté to his master, the gourmand King Louis XVI. Within a few years, the fame of pâté de foie gras had spread throughout Europe, with pâtés despotically from Strasbourg and Périgord travelling as far as England and Russia. In the 19th century they found a fan in the Iron Chancellor, Bismarck, who used to consume the best part of a whole pâté as a cure for indigestion. The original pâté de foie gras is no longer available commercially. These days, "pâté" is a mixture of foie gras and pig's liver, which is also true of "galette", "pâté" or mousse de foie gras. The words for which to look out are "bioc de foie gras" or "foie gras", which will mean reconstructed livers, or the more expensive "foie gras entier" where you will be buying a whole lobe or part of a lobe from the goose or duck.



Brothers - through their butchers' shops, Boucheries Lamartine - have been selling foie gras (fresh foie gras) of the sort favoured by housewives in France. Livers come either raw, and need to be cooked at home, or "mi-cuit" (semi-cooked), which can be eaten normally with hot toast and butter. One of the most popular uses of semi-cooked foie gras is in the so-called salade-foie, which

of beef fillet which the composer Rossini decided would be improved by adding a slice of foie gras on top, with some truffle shaving. The owner of the Café Anglais in Paris, where the first tournedos Rossini is thought to have been served, was reluctant to go along with the composer's request. "Never would I dare present anything so unimprovable," he said. Rossini is supposed to have retorted: "Well, find some way in which people won't see!" From that moment, tournedos Rossini was conveyed to the table behind the backs of the waiters; hence the name tournedos. Fresh and mi-cuit foie gras is available from Les Spécialités Saint Quentin, 236 Brompton Road, London SW3 (tel 01-225-1664). Prices are in the region of £75 a kilo for mi-cuit (you'll need far less). Equally, fresh foie gras can be had from the Boucheries Lamartine at 229 Ebury Street, London SW1 (tel. 01-750-4175). Its prices are a shade cheaper: fresh foie gras is £15.50 a pound, mi-cuit is £33 a pound. Giles MacDonogh

THE FINE ART OF SIMPLICITY. Audemars Piguet. La plus prestigieuse des signatures. AVAILABLE AT: ASPREY, GARRARD, LONDON HILTON, MAPPIN & WEBB, DAVID MORRIS, TYNE, THE WATCH GALLERY AND WATCHES OF SWITZERLAND.

Wine Champagne: a crisis looms

CHAMPAGNE IS enjoying its greatest surge in popularity since the Belle Epoque before World War One. In Britain, for example, imports last year passed the 2m-bottle mark for the first time. To the Champenois this is less good news than might be expected; the expression that I heard most often was "too much". The reason is that there are insufficient stocks to support these sharp annual increases in sales, and next month's unusually early vintage is not foreseen to produce the huge, 1989-type vintage needed. The shortages (merchants) face a shortage of grapes, now particularly serious when they are trying to provide for growing sales, because every additional bottle sold has to be replaced by three more bottles in order to maintain the three-years' stocks they deem necessary for marketing fine champagne - and five years' for the vintage. The fact is that the current shortage is artificial rather than real and has little to do with the size of the vintage. It is caused because half of each year's crop of grapes is retained by the growers, either to make champagne to market

Wine Champagne: a crisis looms

themselves, or to make still wine (vin clair) and bottled champagne (vin sur latte) to sell at a bigger profit later, or to send the grapes to a co-op. Whatever the purpose, it is more profitable than selling the grapes as picked. On the other hand these assured additional profits are only made possible because Champagne's world-wide reputation is the result of the promotion campaigns of the grandes marques and other quality producers. And the growers, whether or not they commit themselves to the six-yearly contracts to supply grapes to the maisons, are fully aware of this. Currently, therefore, the trade body, the Comité Interprofessionnel, is making increasing efforts to divert grapes into the merchants' press-houses; not so much as because it is pro-merchant, but because it takes a wider view of the industry, not least as an important source of foreign revenue for the French Government. Last year the bonus to those who supplied grapes at the vintage was increased; and before next month's unusually early vintage - expected to start on September 15 - the Comité will be at least in the back-ground when a price is fixed for the grapes. A vital new six-year contract is up for signing next May, and to encourage the growers in advance the price this year may be sharp-

Wine Champagne: a crisis looms

ened. Otherwise it is feared that the percentage of growers who commit themselves may drop a little. At the same time a good deal of activity has been taking place to limit the share of the crop that the "Buyers-Own-Brand" (BOB) merchants can claim. This proportion is based on sales in the previous year. Last year most of the merchants received only about 70 per cent of their sales. The result may be that supermarket-champagne customers will either have to pay more for their bottles, or these will be less plentiful. Not surprisingly, the grandes marques houses do not take kindly to "supermarket champagnes" - although few can afford to remain outside them, as they sell at least 50 per cent of champagne bought in France. The merchants claim that these BOB firms undercut them in price and in quality. While most of the 29 grande



For the French Government. Last year the bonus to those who supplied grapes at the vintage was increased; and before next month's unusually early vintage - expected to start on September 15 - the Comité will be at least in the back-ground when a price is fixed for the grapes. A vital new six-year contract is up for signing next May, and to encourage the growers in advance the price this year may be sharp-

ing-up of the 30,000 ha of delimited vineyard land. The total planted now is just over 27,000 ha, and Claude Taittinger, head of the most important champagne house to emerge since World War Two and chairman of the syndicate of grandes marques, has suggested that the area will be full in two or three years, although others believe that it may take more like five or six. The delimitation of 1927, which still holds today, was something of a hit-and-miss affair. For example, there is said to be excellent land - in Ay and Avenay on the Montagne de Reims and on the Côte des Blancs - now outside the delimited area. Taittinger reckons that there are an additional 2,000 ha that could receive planting rights. Whereas previously talk about an extended champagne vignoble always referred to possibilities many years ahead, the extension is clearly now on the agenda. If not accepted, how long will it be before a great deal of champagne will be on ration? Edmund Penning-Rowsell

ARTS

Whatever happened to the Colon theatre?

Gary Mead explains why there is no opera in Buenos Aires this year

A FICIONADOS claim that there are only three great opera houses in the world...

The reasons why there is yet again no opera season at the Colon are as much a matter of dispute and mutual recrimination as Argentina's current economic collapse...

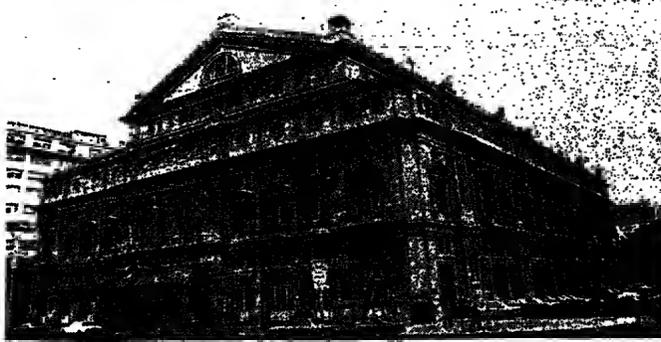
'There is no more grandiose expression of Argentina's decay than the decline of the Colon theatre'

On the stage where Nijinsky danced and Dame Janet Sutherland sang, opera has died. This year's season was due to open on May 24 with a performance of Aida...

economic collapse. But the faded glory which is Argentina's Colon theatre: there is no more grandiose expression of Argentina's decay than its decline.

small black and white photograph of Wladimir Nijinsky, alongside a copy of his marriage certificate. He married Romola de Pulszky in Buenos Aires on September 10, 1913.

On May 14 Argentina elected a new President, Carlos Menem. He took office on July 8 and within days hundreds of posts throughout Argentina changed hands.



Teatro Colon: all the foreign opera stars have been sent home

Aires, Carlos Grosso, swept out all those appointed by the departing Radical party city administration and brought in people loyal to the victorious Peronist party.

other reasons for deciding to begin the construction work. According to Valenti-Ferro, Szwarczer was tired of trade unions trying to bully the Colon's management into paying higher wages.

What is far from modern are the plagues which the Colon is suffering in terms of management relations and morale. Stage-hands who suspended their work after the first act of a performance of Otello in 1987...

at the Colon. "Coesa de arriba" (things from above) is the only response. People don't want to talk about it. All they know is that prices have something to do with it.

The accusations (from many quarters) that the work initiated under Szwarczer has been badly managed and is far from complete are wrong. Around three sides of the stage, five wooden cat-walks between 20 and 30 metres up have been ripped out and five new steel ones re-built in their place.

Those Argentines disappointed this year at not being able to listen to and watch over 100 foreign artists booked for the cancelled opera season...

FRANK DUNLOP artistic director of the Edinburgh Festival, indicated this week that the 43rd international jamboree, and his own sixth in the hot seat, could well be his last.

The official festival, opening tomorrow and running until September 2, costs about £3m. Mr Dunlop would be happier with £4m. This year, Edinburgh City Council has slightly increased its contribution to £600,000 at the start of a three-year commitment leading to £850,000 in 1991.

routes, new perspectives, new joys. Dunlop's festivals have increasingly reflected the labyrinthine complexities of this warren of intermingling wynds, stairways, Gothic monuments, and improvised arenas.

unveils Calderon's Schism in England (a Catholic European view of the Reformation) next week, and third-week arrivals include the Stary Theatre of Cracow in another Calderon, Life is a Dream, and Andrzej Wajda's allegedly sensational production of The Dybbuk.

Edinburgh Festival

Spanish theme for Scotland

Our critics' preview of theatre, dance, art and cinema over the next three weeks.



El Greco's 'Fabula,' the centre of the exhibition at the National Gallery of Scotland

At least three themes jostle each other for attention in the visual arts at the Edinburgh Festival this year. The flagship exhibition is Spanish. El Greco: Mystery & Illumination at the National Gallery is centred on the artist's mysterious painting 'Fabula'...

with the issue of war and humanity's propensity for conflict. The Graeme Murray Gallery is showing Pieter Laurens Mol in an exhibition entitled The Sanguine Surrender: A Tribute to Mars, and Dutch sculptors are installing site-specific work in the Botanic Gardens, on Calton Hill, and on Inchcolm Island in the Firth of Forth.

Art is occupied by the comprehensive exhibition Scottish Art since 1900, and Bourse Fine Art is following this up with Cadell to Eardley: Fifty Years of Scottish Painting. William McTaggart (1835-1910) takes his rightful place in the Royal Scottish Academy as Scotland's greatest landscape painter...

Aiming, no doubt, to bury the Edinburgh Film Festival's lingering reputation as an event which preaches the antedote to the sunspots, Robinson has even laid on Gone With the Wind. The latest beneficiary of restoration-mania, this 1939 blockbuster arrives all the way from Hollywood in a brand new, re-graded colour print.



This exhibition of photographs by Richard Cowper, 'Firewell to Hot Metal,' captures the Dickensian atmosphere of hot metal printing at the FT before it went over to computerised type-setting in 1987. This world of slugs, forms and flogs, now no more, will be on show at the Edinburgh College of Art until September 4.

Michael Covey

After a couple of years in which the dance at the Festival was miserably uninteresting, things have looked up this year. Nothing of first importance as in the old days, but the very welcome appearance of the Spanish National Ballet at the Playhouse from August 12-14, and the shocks and brutal directness of Johann Kresnik's Macbeth for the Bremer Theatre, Bremen, a the Kings Theatre from August 15-17.

Clement Crisp

Dance of more than passing interest is to be found in Duncan Youngerman's opera-ballet L'An Un at the Church Hill Theatre, August 25 and 26, since the choreography is by Andrew de Groat, one of the few modern dance creators in France of any marked talent...

Footloose and fancy free in New York

CAN ANYONE but a critic know the bliss, the freedom you feel when going to a performance for sheer pleasure, with no thought of having to verbalise your reaction, of having to find the right thousand words to describe and evaluate what you are seeing and hearing?

certain significance, and now that I have returned to my familiar turf I would like to record a couple of them. One was an evening devoted to "Music for Homemade Instruments." Announced in the Friday Times as one of the weekend events, the concert - if that is the term - was held in the loft on the Bowery; and it drew a capacity crowd.

trash: abandoned pots and pans, boxes, kitchen implements. The most musical seemed to me the tennis racket loop, invented, explained, and then played by Alice Eve Cohen, composer of The Wimbledon Concerto subtitled "Five Landscapes for Tennis Racket Harp." The instrument consisted of a partly strung racket, played over a resonant styrofoam box.

group's first recording, A Decade of Debris, is about to come out. A few weeks later, another brief announcement - this time in the Village Voice - took me over to the Lower East Side again, to Second Avenue and Ninth Street to what was once New York Public School 122. As I learned later, the school had long been closed; then, a few years ago it was used as the setting for the film Fumar, and some neighbourhood artists, realising what a good performance space it is, persuaded they city to let them have it.

and then the school doors opened. Even in its new life, P.S. 122 seems haunted by its history; there is a misty classroom small, and the stairs to the second floor (the prime performing space) echo with the ghostly pounding footsteps of students past. Again there was a cinn atmosphere about the place, the audience that began to collect seemed to know one another; the talk was about other artists, other programmes. By the time the doors opened, again enough people - perhaps a hundred - had assembled to fill the house.

Walker (who also appears in it). Based on the real-life murder of a Missouri student, Steve Newberry in 1987, the work proved to be a haunting study of group violence. Though not specifically about race, it used the fact of Houston-Jones's being black to underline the fate of the individual hounded by the pack. Walker, Almon Grubsted and - especially - Anne lobst were hair-raising as the young murderers. Houston-Jones, immobile much of the time, was an eerily impressive presence.

Official musical and theatrical life in New York. Lincoln Centre, the Public Theatre, Carnegie Hall - offers more than enough attractions to keep even the most voracious consumer satiated; but, occasionally, a little escape from the beaten track brings a salutary shock.

ART GALLERIES. ROY MILES GALLERY. 29 BRUNTON STREET, W1. RUSSIAN PAINTINGS - 1920'S to 1980'S. EXHIBITION ENDS - AUGUST 29th.

ARTS

Mark went berserk, Jim revisited Alphonso. David Isahed Linda. Ron got cholera and was thrown overboard...

The director Max Stafford-Clark hit on the engaging idea of keeping the playwright George Farquhar...

Stafford-Clark's comments include a salutary reminder of the slough of mediocrity that attended our national art-form...

Stafford-Clark is remarkably restrained in his observations on subsidy, the struggles of a semi-national theatre...

The substantial cast changes prompt the query whether every new member of the company...



Julian Wadham and Ron Cook in George Farquhar's The Recruiting Officer

That 18th-century feeling

Martin Hoyle on Max Stafford-Clark's book and revivals at the Royal Court

Silvia who follows her soldier love disguised as a man, and her newly rich cousin Melinda...

Melinda is played with intelligence and wit by Kathryn Hunter who purrs out her lines in a cheeky huck and snits through the part...

lazy critical cop-out word; but no other applies in the face of this extraordinary actress's timing, phrasing and perfectly judged gestures...

performance. Already some of the speeches in Our Country's Good sound mechanical, their original meaning forgotten...



Silvia Wadham and Clive Russell in Wertheimer's Our Country's Good

Musical theatre to a degree

W HILE Oxford University has always resisted the idea of establishing a Department of Drama...

looking for any return on his investment beyond a strength of feeling and ambition among my students with an idea of working in the musical theatre...

have anything to do with it. He believes it needs to be re-established on a sound commercial footing, tours taken in to top up the work of a lively new resident company...

interest, the musical theatre, was met with vigorous approval by Sir Patrick Nell, the Vice-Chancellor...

Andrew Lloyd Webber are conducting under the auspices of the Vivian Ellis Award. Whatever Mackintosh's ultimate motives might be...

Records

Music that caught the ear of Napoleon

THE EXCUSE for returning at this stage to the theme of the Revolution must be that among these single CDs there are unusual things well worth hearing...

ing the choir and orchestra of the Capote at Toulouse, brings a rousing performance of the splendid Berlioz arrangement (1850) of the Marseillaise...

Another hymn by Rouget de Lisle, the "Chant du Neuf Thermidor" (on the occasion of Robespierre's downfall), also arranged by Berlioz...

Invaluable, one would imagine, for illustrating lectures. Soloists and small vocal groups are accompanied by guitar, harp and harpsichord...

do not know. His Rondo op. 17 is a pretty thing. Louis-Emanuel Jadin (1768-1853) appears during his long career to have served every régime in turn...

WEST LONDON ANTIQUES FAIR. Kensington Town Hall, August 17th - 20th. 90 stands, on 3 floors. Venues to a high standard. More than 1500 items. Tel: 0447-2514

Records section containing detailed reviews of various musical recordings, including CDs and vinyl records, with commentary on their historical and musical significance.

Radio Practical pity

WITH Parliament up, it seemed odd to begin Radio 4's week with a series called Talking Politics...

course he let them all down. Cook's special talent is to keep sentimental matters unsentimental.

Truckin' Maggie!, Radio 4's Sunday afternoon play, was less political than it sounds. The winner in the 1989 World Service script-writing competition...

Pity was also sought for Dorothy's household in A Very Civil War by Chris Curry (Radio 4, last Saturday).

It is full of good jokes, well played under Gordon Houston, and features Michael Hordern reading Magna Carta in Latin. If Nigel is back at his Oxford college, he must now listen to Glen Campbell's three hours of A to Z of Country Music...

Cath told Colin that she enjoyed their "screwing together", and this phrase upset him. "Making love" was his style.

Earnest updated

THIS Importance marks the debut at the Everyman, Cheltenham, of his new Artistic Director, Martin Houston. He has wisely chosen to start with a familiar play that we all reckon we know...

white poodles, is open-minded about clothes at least. Her imperious nature is marked, however, when her first entrance is heralded with fortissimo Bach on an invisible organ.

As for allowing utilitarian Miss Prism (Carmel Davies) to dance with her pupil Cecily (Abigail Thaw) into the garden before settling down to horrid, horrid German, I can only say that such things may happen in respect-houses but not in the home counties.

Advertisement for National Chetwo cigarettes, featuring a picture of a person and text describing the product and its benefits.

SPORT

Michael Thompson-Noel reflects ruefully on a horse-racing deal that failed to yield the hoped-for profit That's not Niagara - it's my money!

JUDGED PURELY on the figures, I appear to be a candidate for Twit of the Year. In the spring of 1987, I bought two shares in a company called Newmarket Thoroughbred Racing & Chasing (NTRC) at a cost of £295 each. The company's aim had been to buy 2,000 shares, producing £790,000 with which to buy up to 25 racehorses and pay for their training and racing. What it actually sold was 783 shares, producing £239,285 - a drop in the oil well to a horse-mad racing sheikh but still a worthwhile sum to the likes of you or me.

It is an axiom of British racing that - except in rare instances - your money starts to whosh away with a deafening roar from the moment you have anything to do with ownership. Do not speak to me about cocoa, soy beans, platinum or pork bellies because the whackiest commodities roller-coaster of the lot is buying, selling and racing horses. I knew this was so. Moreover, because NTRC was managed very properly and has produced detailed accounts for the brief period of its existence, I am now in a position to see precisely where the money went with such a whooshing roar.

(a quiet affair attended by just seven shareholders): "We haven't made a lot of money but we've had some successes and fulfilled our objectives." Where did the money go? Remember that the sale of shares attracted a start-up sum of £309,285. Purchases of bloodstock accounted for £147,149. When sold, these horses recouped £26,300, so that the deficit on buying and selling horses was £281,849. Prize-money yielded just £17,198 from 80 races.



In forming and publicising such a company (£24,408), it is easy to see how the initial capital sum of £309,285 was boiled down rapidly to the amount that is now left in the kitty (£21,003) from which various expenses are yet to be deducted. I have always known that training and racing costs were

the bottom of the market where NTRC operated. Let us take a look at a few of the horses that passed through its ownership. The sound you can hear is that of money whooshing. Elegant Stranger. This was NTRC's one big success. He was bought at the Doncaster sale for 6,000 guinees plus VAT (£5,537.50), won two races as a two-year-old and was placed second four times as a three-year-old. He was re-sold for £11,500.

Stormy Eve. An appalling little meddler. You might have seen her on the telly, behaving like a cow at Sandown and refusing to go down to the start, a performance which sent her value crashing. She had cost us £3,622.50. Eventually, she was exported to Italy for 800 guineas. Some Italians spend that much on a sweater. I hope that she is safe and well and minding her p's and q's.

Howhus. Another very expensive failure. He cost £5,704.50 but was sold for £400. Easy Line. Cost £29,600, and actually won twice on the Flat. Sold privately for £5,000. Lucyan Gold. Cost £16,800. He had two runs over hurdles and several runs on the Flat without success, although he was thought to have run an excellent race against top-class hurdlers at Huntingdon on one occasion. Sold for £7,500.

THIS IS NOT the weather for the soccer season to start. Footballers are in January afternoons, mud-stained legs and scolding cups of tea clasped in cold hands at half-time. Who can wear their scarves with pride - or, indeed, without suffocating in temperatures over 80 degrees F? When the sun shines on the FA Cup final, it allows the season to end on a high note and focuses the mind on the summer ahead. But when football players emerge in August, it is an unwelcome reminder that winter is approaching, an alarm clock disturbing a delightful dream.

will guide his battered England side to the World Cup finals, where once again they will be found wanting at the highest level. This will also be the season when Scotland qualify for the finals, allowing the players to sweep into Italy on a wave of public optimism which dis-appointments will turn sour quickly. And this will be the last season before the Government imposed identity card scheme comes into operation.

Suddenly, soccer is back. Philip Coggan views the season's prospects An end to summer's dream



But the strengths of Liverpool - a squad so strong that it can survive injury crises and players, like Steve Nicol, versatile enough to swap positions as the situation demands - mean that the club are virtually certain to add another trophy to their already straining cabinet.

Other countries. By the time the major competitions are decided, though, the future of the game may have changed radically. Lord Taylor will produce his final report in December, and he has left until then the big issues such as membership cards, all-seater stadiums and alcohol.

CROSSWORD

No. 7,010 Set by CINEPHILE Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday August 23, marked Crossword 7,010 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday August 26.

Crossword puzzle grid with clues for Across and Down.

ACROSS 1 Disburse about a cent if you want to calm down (6) 2 Wintry fall coming up in spring (6) 3 Fall, getting drier? (6) 4 Have Paul destroyed in convulsion (8) 5 Fair sort of railway? (5) 6 Top hill, and man has problem (6) 7 Fair sort of railway? (5) 8 Part of the tree of knowledge? (4) 9 Basic food for fixer at parliament (6,4) 10 Food that could be ground by day (clue's crazy!) (6,4) 11 Saint Bees may be 'ere (4) 12 Conversational model in yacht building (6) 13 Novice entering tart is pressing (6) 14 Home to suit rodents - one left inside (8) 15 Old city chap is pressing (6) 16 A wfully loud innmate to change key (8) 17 Search frantically for second drink? (6)

DOWN 1 Casual attempt at drug's dangerous (3,4) 2 Mate's way on ship (6) 3 Bird almost gets full marks (8) 4 Maybe pane in the neck (4) 5 Miserable draw - drew miserably outside (8) 6 Bird removing coward's head (6) 7 Beast goes off to place (7) 8 Plink for chalk (7) 9 St Paul stirred a kitchieo utensil (7) 10 Scottish town, home to sci-fi writer with 400 readers. Via Via Road, Cambridge. Mr R. Simons, Lisvaen, Cardiff.

TELEVISION & RADIO

SATURDAY

Channel 4: 8:00 am News, 9:00 am News, 10:00 am News, 11:00 am News, 12:00 pm News, 1:00 pm News, 2:00 pm News, 3:00 pm News, 4:00 pm News, 5:00 pm News, 6:00 pm News, 7:00 pm News, 8:00 pm News, 9:00 pm News, 10:00 pm News, 11:00 pm News, 12:00 am News.

TELEVISION & RADIO

SATURDAY

Anglia: 11:30 am Betmen, 7:40 pm Film: Rising Damp, with Leonard Rossiter. 8:00 Hoopern. 10:00 News. 11:15 pm Psycho II, with Anthony Perkins.

TELEVISION & RADIO

SATURDAY

Radio: 8:00 am Radio 4, 9:00 am Radio 4, 10:00 am Radio 4, 11:00 am Radio 4, 12:00 pm Radio 4, 1:00 pm Radio 4, 2:00 pm Radio 4, 3:00 pm Radio 4, 4:00 pm Radio 4, 5:00 pm Radio 4, 6:00 pm Radio 4, 7:00 pm Radio 4, 8:00 pm Radio 4, 9:00 pm Radio 4, 10:00 pm Radio 4, 11:00 pm Radio 4, 12:00 am Radio 4.

TELEVISION & RADIO

SUNDAY

Ulster: 12:00 pm Heritage from Stone, 1:10 Sunday Surveys, 2:00 pm The Life of Jonathan Swift, 3:00 pm The Australian, 4:00 pm The Australian, 5:00 pm The Australian, 6:00 pm The Australian, 7:00 pm The Australian, 8:00 pm The Australian, 9:00 pm The Australian, 10:00 pm The Australian, 11:00 pm The Australian, 12:00 am The Australian.

TELEVISION & RADIO

SUNDAY

Channel 4: 8:00 am News, 9:00 am News, 10:00 am News, 11:00 am News, 12:00 pm News, 1:00 pm News, 2:00 pm News, 3:00 pm News, 4:00 pm News, 5:00 pm News, 6:00 pm News, 7:00 pm News, 8:00 pm News, 9:00 pm News, 10:00 pm News, 11:00 pm News, 12:00 am News.

TELEVISION & RADIO

SUNDAY

Anglia: 11:30 am Betmen, 7:40 pm Film: Rising Damp, with Leonard Rossiter. 8:00 Hoopern. 10:00 News. 11:15 pm Psycho II, with Anthony Perkins.

TELEVISION & RADIO

SUNDAY

Radio: 8:00 am Radio 4, 9:00 am Radio 4, 10:00 am Radio 4, 11:00 am Radio 4, 12:00 pm Radio 4, 1:00 pm Radio 4, 2:00 pm Radio 4, 3:00 pm Radio 4, 4:00 pm Radio 4, 5:00 pm Radio 4, 6:00 pm Radio 4, 7:00 pm Radio 4, 8:00 pm Radio 4, 9:00 pm Radio 4, 10:00 pm Radio 4, 11:00 pm Radio 4, 12:00 am Radio 4.

TELEVISION & RADIO

SUNDAY

Ulster: 12:00 pm Heritage from Stone, 1:10 Sunday Surveys, 2:00 pm The Life of Jonathan Swift, 3:00 pm The Australian, 4:00 pm The Australian, 5:00 pm The Australian, 6:00 pm The Australian, 7:00 pm The Australian, 8:00 pm The Australian, 9:00 pm The Australian, 10:00 pm The Australian, 11:00 pm The Australian, 12:00 am The Australian.

TELEVISION & RADIO

SUNDAY

Yorkshire: 12:00 pm Heritage from Stone, 1:10 Sunday Surveys, 2:00 pm The Life of Jonathan Swift, 3:00 pm The Australian, 4:00 pm The Australian, 5:00 pm The Australian, 6:00 pm The Australian, 7:00 pm The Australian, 8:00 pm The Australian, 9:00 pm The Australian, 10:00 pm The Australian, 11:00 pm The Australian, 12:00 am The Australian.